

107 FERC ¶ 61,256
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;
Nora Mead Brownell, Joseph T. Kelliher,
and Suede G. Kelly.

Nevada Power Company
and Sierra Pacific Power Company

Docket No. ER04-722-000

ORDER REJECTING PROPOSED TARIFF PROVISIONS
RELATED TO ORDER NOS. 2003 AND 2003-A

(Issued June 4, 2004)

I. Introduction

1. Nevada Power Company and Sierra Pacific Power Company (collectively, Nevada Companies) jointly filed proposed variations from the pro forma Large Generator Interconnection Procedures (LGIP) and Large Generator Interconnection Agreement (LGIA) that the Commission adopted in Order No. 2003.¹ They propose over two hundred substantive variations from the pro forma LGIP and LGIA and approximately 300 non-substantive, stylistic and/or typographical variations (*i.e.*, editorial changes). In this order, we reject the proposed substantive variations, determining that they have not been shown to be “consistent with or superior to” the pro forma LGIP and LGIA. We

¹ Standardization of Generator Interconnection Agreements and Procedures, Order No. 2003, 68 Fed. Reg. 49,845 (Aug. 19, 2003), FERC Stats. & Regs., Regulations Preambles ¶ 31,146 (2003) (Order No. 2003), order on reh’g, Order No. 2003-A, 106 FERC ¶ 61,220 (2004) (Order No. 2003-A), reh’g pending; see also Notice Clarifying Compliance Procedures, 106 FERC ¶ 61,009 (2004). The Commission is currently reviewing comments to a proposed rule for interconnection procedures and an agreement applicable to small generators. See Standardization of Small Generator Interconnection Agreements and Procedures, Notice of Proposed Rulemaking, 68 Fed. Reg. 49,974 (Aug. 19, 2003), FERC Stats. & Regs. ¶ 32,572 (2003). In the meantime, a transmission provider's existing procedures (*i.e.*, those procedures in effect prior to its Order No. 2003 compliance filing) should remain in effect and be applicable only to interconnections to small generators (any energy resource having a capacity of no larger than 20 MW, or the owner of such a resource) that seek to interconnect to the transmission provider.

also reject, without prejudice, the proposed editorial changes, determining that editorial changes to the pro forma LGIP and LGIA are more appropriately addressed on rehearing of Order No. 2003-A. This order will benefit customers by ensuring that the Nevada Companies have just and reasonable terms and conditions for interconnection service, thus encouraging more competitive markets while ensuring that reliability is protected.

II. Background

2. In Order No. 2003, pursuant to its responsibility under sections 205 and 206 of the Federal Power Act (FPA)² to remedy undue discrimination, the Commission required all public utilities that own, control, or operate facilities for transmitting electric energy in interstate commerce to append to their open access transmission tariffs (OATT) a pro forma LGIP and pro forma LGIA. In order to achieve greater standardization of interconnection terms and conditions, Order No. 2003 required such public utilities to file revised OATTs containing the pro forma LGIP and LGIA by January 20, 2004.³

3. On April 8, 2004, the Nevada Companies jointly filed a revised LGIA and revised LGIP pursuant to Order No. 2003. The Nevada Companies propose variations from the pro forma LGIP and LGIA that were adopted in Order No. 2003. It points out that non-independent Transmission Providers,⁴ such as the Nevada Companies, are permitted to propose variations to the pro forma LGIP and LGIA, if the variations are based on existing regional reliability requirements that are justified through established regional reliability standards.⁵

² 16 U.S.C. §§ 824d, 824e (2000).

³ See Notice Clarifying Compliance Procedures, supra note 1 (clarifying that the Commission will deem OATTs of non-independent Transmission Providers to be revised as of January 20, 2004).

⁴ The "Transmission Provider" is the entity with which the Generating Facility is interconnecting. The term "Generating Facility" means the specific device (having a capacity of more than 20 megawatts) for which the Interconnection Customer has requested interconnection. The owner of the Generating Facility is referred to as the "Interconnection Customer." Additionally, any capitalized terms used in this order have the meaning specified in the definitions section of the LGIP and LGIA.

⁵ The Nevada Companies also submitted proposed variations from the pro forma LGIP and LGIA, based upon established regional reliability standards, in Docket Nos. ER0418-000 and ER04-418-002. They state that they have incorporated their proposed variations from Docket No. ER04-442-000 into the instant filing.

4. Transmission Providers are permitted to seek variations from the pro forma LGIP and LGIA not made in response to recognized regional reliability requirements. Such requests for variation are FPA section 205 filings (rather than compliance filings) and will be approved only if the Transmission Provider demonstrates that they are “consistent with or superior to” the terms of the pro forma LGIP and LGIA.⁶

5. In the April 8, 2004 filing, the Nevada Companies state that their proposed variations from the pro forma LGIP and LGIA are based on the “consistent with or superior to” standard of Order No. 2003. The proposed variations are summarized in the Appendix to this order.

6. The Nevada Companies state that they and several other jurisdictional and non-jurisdictional entities in the Western Area engaged in a collaborative process to review Order Nos. 2003 and 2003-A. According to the Nevada Companies, one of the primary goals of the Western Area participants in the collaborative process was to develop a standardized methodology among the Western Area Transmission Providers in processing, evaluating and treating interconnection requests. As a result of the participants’ review of the pro forma LGIP and LGIA, the Nevada Companies contend that several provisions of the pro forma LGIP and LGIA: are inconsistent with the Western Area participants’ individual OATTs and/or the Commission’s practices; contain methods that could be approached differently and benefit Transmission Providers and Interconnection Customers alike; should be revised to make them more equitable; and contain several typographical errors and/or inadvertent omissions. The Nevada Companies request an effective date of June 7, 2004, 60 days from the date of the filing.

III. Notice and Responsive Pleadings

7. Notice of the Nevada Companies’ filing was published in the Federal Register,⁷ with motions to intervene or protests due on or before April 29, 2004. Timely motions to intervene, raising no substantive issues, were filed by the City of Needles, California and the City of Los Angeles Department of Water and Power. A timely motion to intervene and comments were filed by Stillwater Holdings LLC (Stillwater). Timely motions to intervene and protests were filed by the Nevada Independent Energy Coalition (NIEC), Duke Energy North America LLC (DENA), and Salt River Project Agricultural Improvement and Power District (Salt River)

⁶ Order No. 2003 at P 825.

⁷ 69 Fed. Reg. 21,523 (2004).

8. Stillwater makes several comments: (1) with respect to section 1.19 (Confidential Information), any designation of information or materials as “confidential information” should be in writing; (2) with respect to section 1.32 (Force Majeure), breakage or accident to machinery or equipment, or curtailment should not be included in the examples of Force Majeure because both examples may be within the control of the party claiming Force Majeure; (3) Stillwater supports the proposed modification to section 2.2 (Term of Agreement); (4) section 9.7.7 (Continuity of Service) is overly broad, duplicative and burdensome, and would allow the Transmission Provider to curtail the Interconnection Customer at its sole discretion without regard to standards;⁸ and (5) Stillwater supports the proposed modifications to section 17.1.2 (Right to Terminate) as a reasonable accommodation to a party attempting to remedy a Force Majeure.

9. NIEC contends that Order No. 2003 did not address several provisions advocated by cogeneration interests and that they should be addressed in Nevada Power’s interconnection rules. First, NEIC asserts that a generator should “retain the benefits and queue position of its existing facilities” when it modifies a plant. Second, NEIC asserts that the interconnection rules should recognize that cogeneration has unique operating characteristics. It asserts that the co-generator may serve load behind the point of interconnection and that specific load should not be subject to metering or other operational restrictions.

10. DENA offers several protests arguing that: (1) the proposed revisions should be rejected in their entirety because Nevada Companies have not provided support for a significant unilateral rewriting of the pro forma LGIP and LGIA; (2) few of the proposed revisions can be justified as reconciling a specific LGIP or LGIA term to its company-specific situation; (3) most of the proposed revisions are either editorial, material modifications to terms and conditions that are neither consistent with or superior to the pro forma LGIP and LGIA, or major changes to the Commission's cost allocation and pricing policies that are nothing more than a collateral attack on Order No. 2003. DENA contends that standardization eliminates case-by-case review and litigation of tariff terms and conditions and avoids the confusion and inefficiency that arise when customers are subjected to different terms and conditions on each system which they do business.

11. Salt River opposes the proposed revisions to LGIP sections 3.3.1 and 11.1 and to LGIA Article 5.22, which relate to interconnection requests to transmission facilities jointly owned by Commission-jurisdictional entities, such as the Nevada Companies, and non-jurisdictional entities, such as Salt River. Salt River argues that the pro forma LGIP

⁸ According to Stillwater, Curtailment by Transmission Provider for maintenance (Article 10) and for Emergencies (Article 13) is addressed elsewhere in the LIGA.

and LGIA do not address the situation in which a public utility and a non-public utility jointly own an undivided interest in transmission facilities. It also argues that the Commission lacks jurisdiction to accept an OATT purporting to extend Commission authority over transmission facilities in which non-public utilities hold undivided interests. It further asserts that acceptance of the proposed provisions could cause the Nevada Companies to violate the underlying ownership and operating agreements (participation agreements) among the co-owners of transmission facilities. According to Salt River, the Commission should require that interconnection to jointly-owned transmission facilities be under terms and conditions consistent with the participation agreements or, failing that, under an interconnection order pursuant to sections 210, 211 and 212 of the FPA.⁹

IV. Discussion

A. Procedural Matters

12. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2003), the timely, unopposed motions to intervene serve to make those who filed them parties to this proceeding.

B. Substantive Matters

1. Nevada Companies' Filing

13. The Nevada Companies propose a very extensive revision of the pro forma LGIP and LGIA. As noted above, the Nevada Companies' proposed substantive variations from the pro forma LGIP and LGIA may be broadly grouped into several areas. First, they assert that several provisions of the pro forma LGIP and LGIA are inconsistent with the Western Area participants' individual OATTs and/or the Commission's practices. For example, they propose to modify the definition of "Force Majeure" in both the LGIP and LGIA so that it conforms to Nevada Companies' OATT. The Nevada Companies state that the definition of Force Majeure in the OATT offers greater detail and clarity and, therefore, is consistent with the Commission's intent and superior to the definition in the Commission's pro forma LGIP and LGIA.¹⁰

⁹ Salt River cites Order No. 2003-A at P 742, which states: "If a non-public utility does not wish to voluntarily provide Interconnection Service for fear of losing its non-public utility status, persons seeking an interconnection from the non-public utility may file an application under Sections 210, 211 and 212 of the FPA."

¹⁰ See infra Appendix at P 10.

14. Second, the Nevada Companies assert that the pro forma LGIP and LGIA contain methods that they believe could be approached differently in order to benefit both Transmission Providers and Interconnection Customers. For example, section 6.3.1 of the pro forma LGIP requires the Transmission Provider and Interconnection Customer to meet to discuss the results of the Interconnection Feasibility Study within ten days of the Interconnection Customer receiving a copy of the report. The Nevada Companies propose that either party be allowed to recommend some other mutually agreed upon date. The Nevada Companies believe that this proposed revision would be beneficial to all parties and is consistent with the Commission's intent on determination of a meeting date that would be both timely and agreeable to both the Interconnection Customer and the Transmission Provider.¹¹

15. Third, the Nevada Companies propose several variations from the pro forma LGIP and LGIA that they believe would make the LGIP and LGIA more equitable. For example, section 7.2 of the pro forma LGIP requires the Interconnection Customer to execute the Interconnection System Impact Study Agreement and deliver it to the Transmission Provider within thirty days after its receipt along with a demonstration of Site Control and a \$50,000 deposit. The Nevada Companies propose to revise the language and label the deposit a payment. In addition, it proposes to lower the amount to \$30,000. The Nevada Companies assert that experience has shown that the proposed deposit amounts are sufficient to cover the costs associated with the various interconnection studies. It contends that the proposed change is superior to the Commission's pro forma LGIP in that it reduces the deposit amount to that which is actually required.¹²

16. Fourth, the Nevada Companies propose numerous non-substantive revisions such as corrections to typographical errors and what they characterize as corrections of inadvertent omissions in the pro forma LGIP and LGIA.¹³

17. We reject the proffered justification that various pro forma provisions are inconsistent with the Nevada Companies' OATTs as an impermissible collateral attack on Order Nos. 2003 and 2003-A.¹⁴ In Order No. 2003, the Commission determined that:

¹¹ See infra Appendix at P 56.

¹² See infra Appendix at P 58.

¹³ See infra Appendix at P 212-229.

¹⁴ See, e.g., *Dighton Power Associates Limited Partnership v. ISO New England, Inc.*, 95 FERC ¶ 61,251 at 61,873, reh'g denied, 96 FERC ¶ 61,091 (2001).

there is a pressing need for a single set of procedures for jurisdictional Transmission Providers and a single, uniformly applicable interconnection agreement for Large Generators. A standard set of procedures as part of the OATT for all jurisdictional transmission facilities will minimize opportunities for undue discrimination and expedite the development of new generation, while protecting reliability and ensuring that rates are just and reasonable.^[15]

The Commission further determined that standard interconnection procedures and a standard agreement applicable to Large Generators will limit opportunities for Transmission Providers to favor their own generation, facilitate market entry for generation by reducing interconnection costs and time, and encourage needed investment in generator and transmission infrastructure.¹⁶ Further, Order No. 2003 does not allow for regional variations except those based on regional reliability standards, and most of the Nevada Companies' proposed changes are not based on regional reliability standards.¹⁷

18. Further, a mere statement that a proposed modification is intended to clarify a pro forma provision does not meet the burden of demonstrating that the proposed variation is "consistent with or superior to" Order No. 2003.¹⁸ Similarly, the Nevada Companies' arguments that certain of their proposed variations would benefit Transmission Providers and Interconnection Customers or would be more equitable are really collateral attacks on Order No. 2003. Therefore, we reject the Nevada Companies' substantive revisions to the pro forma LGIP and LGIA.

19. With respect to the Nevada Companies' proposed editorial revisions, we agree that revisions would be appropriate where some provisions of the pro forma LGIP and LGIA could be open to misinterpretation without the revisions. While we accepted one minor

¹⁵ Order No. 2003 at P 11.

¹⁶ Id. at P 12.

¹⁷ Pursuant to Order No. 2003, the Nevada Companies, in Docket Nos. ER04-418-000 and ER04-418-002, filed revised OATTs containing the pro forma LGIP and LGIA. In that filing, they proposed variations to the pro forma LGIP and LGIA based on regional reliability standards. In an order being issued contemporaneously, the Commission accepts in part and rejects in part the Nevada Companies' proposed regional reliability variations. See Arizona Public Service Co., et al., 107 FERC ¶ 61,255 (2004) (Western Utilities Regional Reliability Order).

¹⁸ Virginia Electric and Power Co., 107 FERC ¶ 61,010 (2004) (VEPCO).

typographical change in VEPCO, we now believe that proposed typographical and other editorial changes are more appropriately addressed in the rulemaking proceeding where they may be considered in a single proceeding and applied generically. Accordingly, we reject the Nevada Companies' proposed editorial revisions without prejudice to the outcome of the order on rehearing of Order No. 2003-A.

20. With respect to the Nevada Companies' proposed revision to Article 5.4 to allow for revisions upon joining an RTO, we find that such conditions are unnecessary. Once a Transmission Provider joins an RTO, its transmission facilities generally will be subject to the RTO's own Commission-approved LGIP and LGIA. Any facilities not under the operational control of the RTO would remain subject to the non-independent Transmission Provider's own LGIP and LGIA. If the Nevada Companies join an RTO, the Commission will consider any necessary changes to its own LGIP and LGIA at that time.

21. The Commission also rejects the Nevada Companies' proposal to modify the security requirements in pro forma LGIA Article 11.5 to better protect the Transmission Provider and its customers. The language in the pro forma LGIA already grants the Transmission Provider the flexibility to determine whether a form of security is "reasonably acceptable," including whether the issuing entity is acceptable to the Transmission Provider. Thus, at this time we do not see the need for the more restrictive language that Nevada Companies propose. We note that Nevada Companies should administer the security provisions in a just and reasonable, and not unduly discriminatory manner.

2. Other Issues

22. Salt River argues that the Commission lacks jurisdiction to authorize the Nevada Companies' filing where facilities are jointly owned by a non-jurisdictional entity. We reject that argument as an impermissible collateral attack on Order No. 2003-A. Order No. 2003-A provides:

As the Commission required in Order No. 888, should the joint ownership agreement prohibit or restrict the right of the public utility to offer interconnection service to third parties, the public utility must make a section 206 compliance filing containing proposed revisions (mutually agreeable or unilateral) to its contracts with the non-jurisdictional co-owners to remove those restrictions.^[19]

¹⁹ Order No. 2003-A at P 754.

Thus, the Nevada Companies are required to make a compliance filing. However, since this situation involves only the two parties, the compliance filing should consist of a proposed agreement or revised agreement between the public utility and the non-jurisdictional co-owner rather than an amendment to the public utility's OATT.

23. NIEC raises arguments, concerning its dissatisfaction with the rulemaking, which should have been raised on rehearing of Order No. 2003 and 2003-A. Thus, we reject them as an impermissible collateral attack on Order Nos. 2003 and 2003-A.²⁰

3. Conclusion

24. As discussed above, we will reject the Nevada Companies' proposed tariff revisions concerning their LGIP and LGIA. As noted above, the Nevada Companies' proposed regional reliability variations to the pro forma LGIP and LGIA are addressed in the Western Utilities Regional Reliability Order.²¹

The Commission orders:

The Nevada Companies' proposed tariff revisions are hereby rejected, as discussed in the body of this order.

By the Commission.

(S E A L)

Linda Mitry,
Acting Secretary.

²⁰ See, e.g., *Dighton Power Associates Limited Partnership v. ISO New England, Inc.*, 95 FERC ¶ 61,251 at 61,873, reh'g denied, 96 FERC ¶ 61,091 (2001).

²¹ See supra note 17.

Appendix**A. Nevada Companies' Proposed Modifications to both the pro forma LGIP and the pro forma LGIA**

1. The Nevada Companies propose to add a new term “Affected System Upgrades” and corresponding definition to Section 1. The Nevada Companies state that they have developed this term in response to the number of references to upgrades required for Affected Systems in the pro forma LGIA and LGIP. The proposed definition states that these are “additions, modifications, and upgrades to any Affected System required to accommodate the interconnection of the Large Generating Facilities to Transmission System”. The Nevada Companies state that this proposed change better clarifies the language and intent of the LGIA and LGIP, and therefore, is superior to that in the pro forma LGIA and LGIP.

2. The Nevada Companies also propose adding “Reliability Management System” to Section 1. It states that the proposed definition would clarify that it’s proposed Appendix G to the LGIA would contain the Western Electricity Coordinating Council’s Reliability Management System Agreement (RMSA). The Nevada Companies assert that the RMSA contains reliability standards required by the applicable reliability council. In addition, it states that this proposed revision was included in a previous Order No. 2003 compliance filing.²²

3. The Nevada Companies propose to add the term “Applicable Reserve Sharing Group” to Section 1. It states that it participates in different reserve sharing groups and the definition would allow Nevada Companies to refer to the appropriate group when necessary. Additionally, Nevada Companies state that this proposed revision was included in its Reliability Filing.

4. The Nevada Companies propose to modify the definition of “Business Day” in Section 1 to exclude North American Electric Reliability Council (NERC) holidays and the day after Thanksgiving Day. In addition, it states that and many utilities throughout the West observe the NERC holidays. Further, it asserts that this revision is required because certain functions may be impacted if a normal business day fell on one of these holidays.

²² Nevada Companies filed revisions to the pro forma LGIP and LGIA based upon established regional reliability standards on January 20, 2004, as amended on April 23, 2004, in Docket Nos. ER04-418-000 and ER04-418-002, respectively (Reliability Filing).

5. The Nevada Companies propose to revise the definition for “Confidential Information” in Section 1. The Nevada Companies assert that this proposed modification provides more detail and clarity, and therefore, it is superior to the definition provided in the pro forma LGIP and LGIA.

6. The Nevada Companies propose to modify the definition of “Dispute Resolution” so that it conforms to what is prescribed in Nevada Companies Open Access Transmission Tariff (OATT). Nevada Companies state that this revision will provide consistency across the LGIP, LGIA, and OATT. It further asserts that this modification reduces confusion, and therefore, it is superior to the definition provided in the pro forma LGIP and LGIA.

7. The Nevada Companies propose to revise the definition for “Effective Date” in Section 1. They state that the definition in the pro forma LGIP and LGIA suggests that all standard LGIAs must be filed with and accepted by the Commission. Nevada Companies state that Order No. 2001 requires only unexecuted or non-conforming agreements to be filed with the Commission. Nevada Companies assert that the revision more succinctly sets forth the present Commission policy regarding which agreements are required to be filed, and therefore, this revision is superior to that which is provided in the pro forma LGIP and LGIA.

8. The Nevada Companies propose to modify the definition of “Emergency Condition” to include any detrimental condition that might affect the distribution system resulting from the operation of a Large Generating Facility. The Nevada Companies state that this revision is required to recognize the fact that unwanted disturbances may be created on the distribution system if the Large Generating Facility is interconnected to the distribution system which is not precluded under the Commission’s pro forma LGIP and LGIA. Additionally, the Nevada Companies also clarify that it must be in the judgment of the Party claiming that the emergency condition exists. The Nevada Companies assert that these changes are consistent with the intent of the pro forma LGIP and LGIA.

9. The Nevada Companies propose to revise the definition for “Environmental Law” in Section 1. The revisions include tribal authority rules and specific laws and regulations such as human health and safety requirements. The Nevada Companies assert that the proposed revisions are consistent with, and in some ways superior to, the pro forma LGIP and LGIA.

10. The Nevada Companies propose to modify the definition of “Force Majeure” so that it conforms to Nevada Companies’ OATT. The Nevada Companies state that the definition of Force Majeure in the OATT offers greater detail and clarity. They state that, therefore, the proposed change is consistent with the Commission’s intent and superior to the definition in the pro forma LGIP and LGIA.

11. The Nevada Companies propose to revise the definition for “Generating Facility” in Section 1. This modification clarifies that the LGIP and LGIA apply only to generating facilities greater than 20MW. The Nevada Companies contend that this revision is consistent with the pro forma definition of Generating Facility.

12. The Nevada Companies propose to modify the definition of “Initial Synchronization Date” in Section 1. The Nevada Companies state that the modification clarifies that two conditions must be met to determine the Initial Synchronization Date. The Nevada Companies contend that this revision is consistent with the Commission’s intent.

13. The Nevada Companies propose to revise the definition for “Interconnection Customer” in Section 1. The revised definition would include references to wholly owned and jointly owned transmission systems. Specifically, the following language replaces “Transmission Provider’s System” and it states “wholly owned by Transmission Provider or with any jointly owned transmission facilities in which Transmission Provider has an ownership share”. The Nevada Companies state that this is necessary because a significant portion of its integrated Transmission System is comprised of transmission facilities jointly owned with other jurisdictional and non-jurisdictional entities. Further, they state that as a result of this joint arrangement, any Interconnection Request affecting such facilities requires different treatment pursuant to the participation agreement governing the maintenance and operation of those facilities. Finally, the Nevada Companies assert that while this revision would impact how they would process requests affecting jointly owned facilities, the revision is consistent with the Commission’s intent regarding interconnection to such facilities.

14. In addition, the Nevada Companies have inserted language referencing joint facilities, as stated in the previous paragraph, into the definition of the following terms: 1) “Interconnection Customer’s Interconnection Facilities” 2) “Interconnection Facility Study” 3) “Interconnection Feasibility Study” 4) “Interconnection Request” 5) “Interconnection Service” and 6) “Interconnection System Impact Study”. The Nevada Companies propose these modifications based upon the same rationale and justification as stated in the previous paragraph.

15. The Nevada Companies also propose to revise the definition for “Interconnection Facilities” in Section 1. They propose to specify that upgrades on the Affected System, as previously proposed, are not included in the definition of Interconnection Facilities. The Nevada Companies state that this revision is consistent with the Commission’s intent and clarifies the definition.

16. The Nevada Companies propose to modify the definition for “Joint Operating Committee” in Section 1. The revision would specifically provide that the other owners of jointly owned transmission facilities and Affected Systems that may be impacted by an Interconnection Request should be included in the Joint Operating Committee. The Nevada Companies assert that this modification is required as a result of the configuration of Nevada Companies’ Transmission System. In addition, they assert that this modification is consistent with the Commission’s intent regarding the processing of Interconnection Requests.

17. The Nevada Companies propose to revise the definition for “Losses” to provide specificity and clarity for its use in Section 18.8, entitled Indemnity. The revisions would specifically include obligations “sustained or incurred by a Party” while performing obligations and activities under the LGIA, and would also include penalties. They state that this proposed change is consistent with the Commission’s intent.

18. The Nevada Companies propose to modify the definition for “Metering Equipment” to include interval data recorders. They state that interval data recorders are widely used by utilities to measure transmission services by a Transmission Provider, and therefore, should be included in the definition of Metering Equipment. The Nevada Companies assert that this is consistent with the pro forma definition of Metering Equipment. In addition, they state that this revision is in fact superior to the pro forma definition because it is more accurate and inclusive.

19. The Nevada Companies propose a new definition “Must Run Generation”. The Nevada Companies state that Must Run Generation resources are generators located in specific areas of a utility’s service area that are required to operate, generally when congestion occurs, in order to meet the load requirements within the congested area. The Nevada Companies’ proposed Article 9.11 of the LGIA sets forth the details concerning potential Must Run implementation.

20. The Nevada Companies propose a new definition “Northwest Power Pool” in Section 1. This definition would define the group and the primary purpose for which it exists. The Nevada Companies state that all members abide by the reserve sharing principles provided for in an agreement which sets forth the regional reliability standards that are followed by each member. The Nevada Companies state that this revision was filed in its Reliability Filing on January 20, 2004.

21. The Nevada Companies propose a new definition “Points of Delivery related to Large Generating Facility”. The Nevada Companies define it as “point(s) on the Transmission System where capacity and energy emanating from the Large Generating Facility is to be transmitted by Transmission Provider and made available to a receiving party”. The Nevada Companies state that this definition is required because the pro

forma LGIP and LGIA make references to the Point of Delivery in Sections 3.2.1.1 and 3.2.2.2 of the LGIP and Article 4.4 of the LGIA. The Nevada Companies assert that this revision is consistent with the Commission's references to Point of Delivery within the pro forma LGIP and LGIA. Further, they state that defining this term, a term which is already used in the bodies of the LGIP and LGIA, provides clarity and is therefore superior to the pro forma LGIP and LGIA.

22. The Nevada Companies propose a new definition "Power System Stabilizer (PSS)". The Nevada Companies define it as "a control system applied at a generator that monitors generator variables such as current, voltage, and shaft speed and sends the appropriate control signals to the voltage regulator to damp oscillations". The Nevada Companies assert that this definition is required because the pro forma LGIA makes reference to Power System Stabilizers in Article 5.4. Further, they state that defining this term, a term which is already used in the bodies of the pro forma LGIP and LGIA, provides clarity and is therefore superior to the pro forma LGIP and LGIA.

23. The Nevada Companies propose a new definition "Regional Transmission Organization (RTO)". The Nevada Companies define it as "an independent entity having operational control over the transmission facilities of participating transmission providers with a defined geographical/regional area". The Nevada Companies assert that this definition is required because the Commission's pro forma LGIA makes reference to RTO in several places and some of the Nevada Companies' proposed revisions also reference an RTO. The Nevada Companies state that this definition provides clarity and is superior to the present provisions within the pro forma LGIP and LGIA.

24. The Nevada Companies propose a new definition "Reliability Management System (RMS)". The Nevada Companies define it as the "WECC's reliability criteria, agreements, data collection requirements and terms and conditions set forth in the WECC's reliability compliance programs and agreements as in effect from time to time that Transmission Provider and Interconnection Customer must adhere to. The RMS requirements are attached to the LGIA as Appendix G". The Nevada Companies assert that most other significant Transmission Providers located in the Western Region of the country are members of the Western Electricity Coordinating Council (WECC) which is one of several regional reliability councils operating as part of NERC. In addition, the Nevada Companies state that the WECC has developed a Reliability Management System (RMS), which covers requirements pertaining to reliability criteria, data collection requirements and a number of other reliability related requirements that each Transmission Provider must follow. The Nevada Companies assert that the RMS requirements are a regional reliability standard by which the Nevada Companies, as well as most other Western Region Transmission Providers, abide by and by which Interconnection Customers must also abide. The Nevada Companies state that this revision was filed in its Reliability Filing on January 20, 2004.

25. The Nevada Companies propose a new definition “Southwest Reserve Sharing Group (SRSG)”. This definition would define the group and the primary purpose for which it exists. The Nevada Companies state that all members abide by the reserve sharing principles provided for in an agreement which sets forth the regional reliability standards that are followed by each member. The Nevada Companies state that this revision was filed in its Reliability Filing on January 20, 2004.

26. The Nevada Companies propose to modify the definition for “System Protection Facilities”. The Nevada Companies state that in addition to facilities required to protect a Transmission Provider’s Transmission System, in certain cases protection equipment is required to protect a utility’s Transmission System from potential disturbances to service provided to other utility customers that may result from the interconnection of the Generating Facility. They state that this proposed revision is consistent with the Commission’s intent with respect to defining system protection facilities required as a result of a generator’s interconnection to a utility’s distribution or transmission system.

27. In addition, the Nevada Companies propose a second modification to the definition for “System Protection Facilities” to provide protection in the case of a disturbance that arises from indirect connections to the transmission system. The Nevada Companies state this revision is necessary because it is possible in certain instances for disturbances on another entities transmission system that are not directly interconnected to that of the Transmission Provider to cause a fault or other disturbance on the Transmission System. The Nevada Companies assert that this revision is clearly consistent with the intent of System Protection Facilities included in the Commission’s pro forma LGIP and LGIA.

28. The Nevada Companies propose to modify the definition for “Transmission Provider”. This modification would allow the Nevada Companies to make the distinction between Sierra Pacific and Nevada Power when appropriate. The Nevada Companies state that this distinction is necessary when identifying applicable reliability standards.

29. The Nevada Companies propose two modifications to the definition for “Transmission Provider’s Interconnection Facilities”. The Nevada Companies state that the Commission’s pro forma LGIP and LGIA define the Transmission Provider’s Interconnection Facilities as those facilities required to interconnect the Large Generating Facility to the Transmission System. Also, the Transmission Provider’s Interconnection Facilities are Interconnection Facilities and not a part of the Transmission System. The Nevada Companies state that, in addition, the Transmission Provider, because of the close operational nexus between such interconnection and transmission system facilities, must have operational control of both facility types. Further, the Nevada Companies state that it is also both reasonable and likely that the Transmission Provider would assume ownership of all such facilities. The Nevada Companies state that, however,

because Transmission Provider's Interconnection Facilities are not considered part of the integrated network Transmission System, all construction costs, O&M and replacements would remain *directly assignable* to the Interconnection Customer. The Nevada Companies state that this revision is consistent with the Commission's intended treatment of such facilities and serves to clarify how the cost associated with Transmission Provider Interconnection Facilities will be treated.

30. The Nevada Companies propose a second modification to the definition for "Transmission Provider's Interconnection Facilities". The current definition states that these facilities are sole use facilities and shall not include Distribution Upgrades, Stand Alone Network Upgrades or Network Upgrades. The Nevada Companies propose to also exclude Affected System Upgrades from the Transmission Provider's Interconnection Facilities. The Nevada Companies assert that this revision is consistent with the Commission's intent and clarifies the definition.

31. The Nevada Companies propose a new definition "WECC". The definition would state that this is the "Western Electricity Coordinating Council or any successor of this organization". The Nevada Companies assert that the WECC is a regional coordinating council operating as a part of the national reliability council NERC. Additionally, the WECC sets forth a number of reliability criteria and standards that most Western Region Transmission Providers follow. The Nevada Companies assert that the WECC reliability standards and practices are regional reliability practices.

B. Nevada Companies' Proposed Modifications to the pro forma LGIP

32. Section 2.2 of the pro forma LGIP discusses comparability when processing and analyzing interconnection requests. The Nevada Companies propose to delete the word "or", used between subsidiaries and Affiliates, from the second sentence. The sentence states "The Transmission Provider will use the same Reasonable Efforts in processing and analyzing Interconnection Requests from all Interconnection Customers, whether the Generating Facilities are owned by Transmission Provider, its subsidiaries or Affiliates or others. The Nevada Companies state that this revision would fix a typo.

33. Section 2.3 (Base Case Data) of the pro forma LGIP requires that Transmission Providers provide certain data while processing an interconnection request for a large generating facility. Specifically, the Transmission Provider must provide base power flow, short circuit and stability databases, including all underlying assumptions and contingency lists upon requests subject to confidentiality provisions. The databases and lists will include all generation and transmission projects for the Transmission System for which a transmission expansion plan has been submitted and approved. The Nevada Companies propose an addition to this provision to clarify that the data shall be developed in accordance with the applicable reliability council policies.

34. Section 3.1 of the pro forma LGIP requires an Interconnection Customer to submit a \$10,000 refundable deposit with its Interconnection Request to be applied toward the actual costs to the Transmission Provider in performing the Interconnection Feasibility Study. The Nevada Companies propose that Transmission Providers be allowed to retain, as a processing fee, \$2,000 of the \$10,000 deposit. The Nevada Companies propose to assess all Large Generating Facility Interconnection Requests this processing fee to help offset the actual non-study expenses a Transmission Provider incurs in processing an Interconnection Request. The Nevada Companies assert that considerable amounts of time and resources are expended prior to the time an Interconnection Customer executes the Interconnection Feasibility Study Agreement, as well as after the completion of the Interconnection Feasibility Study. Additionally, the Nevada Companies state that the Commission has previously recognized that the Transmission Provider incurs “processing costs” through its NOPR addressing Small Generating Facility Interconnection Requests that expressly permits the charging of processing fees.

35. Section 3.1 of the pro forma LGIP requires the Interconnection Customer to select the definitive Point(s) of Interconnection to be studied no later than the execution of the Interconnection Feasibility Study Agreement. The Nevada Companies propose that should the Interconnection Customer elect to change the Point(s) of Interconnection after the execution of the Interconnection Feasibility Study Agreement, it will be required to submit a new Interconnection Request. The Nevada Companies assert that this revision is consistent with, and clarifies the Commission’s intent.²³

36. Section 3.2.2.1 of the pro forma LGIP describes how a Transmission Provider must conduct the necessary studies and construct the Network Upgrades to integrate a Large Generating Facility for Network Resource Interconnection Service (NRIS). Additionally, they state that NRIS allows the Large Generating Facility to be designated as a Network Resource up to the Large Generating Facility’s full output. The Nevada Companies propose to conduct the studies based upon the net output of the Large Generating Facility. The Nevada Companies assert that in most instances the Generating Facility would be utilizing some of the output from its generators for station use purposes, and therefore, only the net output would be input into the Transmission System. The Nevada Companies assert that this revision clarifies the basis on which interconnection studies will be performed.

37. Additionally, in Section 3.2.2.1 of the pro forma LGIP describes how a Transmission Provider must conduct the necessary studies and construct the Network Upgrades to integrate a Large Generating Facility for Network Resource Interconnection

²³ The Nevada Companies cite paragraph 16 of Order 2003-A.

Service (NRIS). One sentence refers to an “ISO or RTO”. The Nevada Companies propose to delete “ISO or”.

38. Section 3.2.2.2 of the pro forma LGIP sets forth the study process for NRIS. The Transmission System must be tested at Peak Load under a variety of severely stressed conditions. The Nevada Companies propose to delete the reference to “at peak load”. The Nevada Companies assert that many transmission paths within the WECC can only be stressed under light load conditions and so a peak load requirement is not possible. The Nevada Companies state that this revision is consistent with those allowed by the Commission in recognition of the unique operating characteristics of a particular utility and region.

39. Section 3.3.1 of the pro forma LGIP sets forth the process by which an Interconnection Customer may initiate an Interconnection Request. The Nevada Companies propose multiple changes to reflect the proposed revision in Section 3.1, whereby the Interconnection Customer would pay a \$2,000 non-refundable processing fee.

40. Additionally, in Section 3.3.1, the Nevada Companies propose additional language regarding joint ownership of transmission facilities. The proposed language reflects the revisions to the definition of “Interconnection Customer” in the context of Initiating an Interconnection Request. The proposed language would require that, in the case of jointly owned facilities, the Transmission Provider must process Interconnection Requests in accordance with the provisions of any agreements and practices followed by the owners of such facilities as long as the agreements do not restrict or preclude third party interconnections. In addition, in the case of jointly owned facilities that include non-jurisdictional owners who have safe harbor reciprocity tariffs on file at the FERC, the Transmission Provider and the others owners shall decide which utility shall process the Interconnection Request. Finally, in the case of jointly owned facilities that include non-jurisdictional utilities that do not have a reciprocity tariff on file at FERC, the Transmission Provider shall work with the non-jurisdictional co-owners to coordinate the study process. The Nevada Companies assert that this revision is consistent with Order No. 2003-A.²⁴

41. Section 3.3.2 and Section 3.3.3 of the pro forma LGIP set forth the process by which the Transmission Provider may acknowledge receipt of an Interconnection Request and notify the Interconnection Customer of deficiencies in its Interconnection Request. The pro forma LGIP provides for hard copy written communications to be delivered by

²⁴ The Nevada Companies cite Order No. 2003-A, paragraphs 752-755.

mail or another alternative delivery system in the case of notices and other formal communications. The Nevada Companies propose to include electronic messaging such as e-mail as an acceptable form of formal communication. Also, the Nevada Companies state that this provision has been crafted with the cooperation of a number of other western region utilities. In addition, the Nevada Companies state that this provision is superior to the pro forma LGIA because it: 1) recognizes a widely used means of communication, practiced by virtually everyone in today's business world and, 2) if allowed would actually expedite the delivery of some notices and other types of communications between parties.

42. Section 3.3.4 of the pro forma LGIP sets forth the process by which the Scoping Meeting will be conducted. The pro forma LGIP states that the meeting duration shall be as long as it takes to accomplish its purpose. The Nevada Companies propose to revise the language to allow the parties, if mutually agreed upon, to conduct multiple meetings. The Nevada Companies assert that this revision is superior to the pro forma provision because it allows the parties to coordinate the meetings and satisfy both parties' needs.

43. In addition, Section 3.3.4 of the pro forma LGIP states that the established date for the Scoping Meeting shall be no more than thirty Calendar Days from receipt of the valid Interconnection Request unless otherwise mutually agreed upon by the Parties. The Nevada Companies propose to revise the language to state that the date for the Scoping Meeting shall be no more than thirty Calendar Days from the date the Transmission Provider is in receipt of the valid Interconnection Request from the Interconnection Customer, unless otherwise mutually agreed upon by the Parties. The Nevada Companies assert that this revision is consistent with the pro forma language and provides clarity to the provision.

44. Section 3.5 of the pro forma LGIP sets forth the process by which a Transmission Provider must coordinate studies with Affected Systems. This section states that "a Transmission Provider which may be an Affected System shall cooperate with Transmission Provider with whom interconnection has been requested..." The Nevada Companies propose to revise the language to state "Affected System Operator" as opposed to simply "Affected System". The Nevada Companies assert that the Affected System may be non-jurisdictional, and therefore, the revision would be consistent with the Commission's intended meaning in this section.

45. Section 3.6 of the pro forma LGIP sets forth the process by which the Interconnection Customer may withdraw its Interconnection Request. The pro forma LGIP requires that the Interconnection Customer provide written notice of withdrawal to the Transmission Provider. The Nevada Companies propose to revise this section to allow notice to be given through electronic means pursuant to the Nevada Companies' proposed Section 3.3.2.

46. Section 3.6 of the pro forma LGIP also details the financial consequences of withdrawing an Interconnection Request. The provision states that an Interconnection Customer that withdraws or is deemed to have withdrawn an Interconnection Request will be responsible for prudently incurred expenses by the Transmission Provider up to the time that the Transmission Provider receives a notice of the withdrawal. The Nevada Companies propose to delete “or is deemed to have withdrawn” from the provision. In addition, the Nevada Companies propose to insert additional language to reference the processing fee of \$2,000 as proposed in Section 3.1.

47. The Nevada Companies also propose to insert language into Section 3.6 of the pro forma LGIP that references the proposed revisions in Section 3.3.1 relating to the non-refundable portion of an Interconnection Request. The additional language would state that when an Interconnection Request is deemed to have been withdrawn due to the Interconnection Customer’s failure to cure a deficiency in the Interconnection Request, certain payments would be non-refundable pursuant to Section 3.3.1. In addition, the Nevada Companies propose to insert language that clarifies that in the case of a withdrawal of an Interconnection Request, the Transmission Provider will provide all information it has developed for any completed study, to the Interconnection Customer.

48. Section 4.4.3 of the pro forma LGIP specifies that when an Interconnection Customer requires modification to an Interconnection Request, the Transmission Provider shall evaluate the modification and determine whether or not it is a Material Modification. The Transmission Provider must then notify the Interconnection Customer, in writing, of its finding. The Nevada Companies propose to revise the language to allow the Transmission Provider to notify the Interconnection Customer by electronic communication. This revision is a result of the Nevada Companies’ proposed revisions to Section 3.3.2 which, if accepted, would allow the parties to participate in formal communications through e-mail.

49. Section 4.4.4 of the pro forma LGIP specifies that a Transmission Provider must commence, within 30 days from the date it receives the Interconnection Customers request for modification, any additional studies that may be required as a result of the modification. The Nevada Companies propose to revise the provision to allow additional time when clustering is being performed pursuant to Section 4.2. The Nevada companies assert that without modification, this provision may be at odds with the studies performed under clustering. The Nevada Companies contend that this revision is superior to the pro forma provision because it recognizes the Transmission Provider’s option to elect to study Interconnection Requests under the clustering methodology.

50. Section 4.4.5 of the pro forma LGIP provides guidance on construction sequencing. It states that extensions of less than three (3) cumulative years in the Commercial Operation Date of the Large Generating Facility to which the

Interconnection Request relates are not material and should be handled through construction sequencing. The Nevada Companies propose to insert the following language at the end of the previously referenced sentence “provided, however, that extensions may necessitate a determination of whether the Generating Facility will retain its WECC accepted rating status and whether additional studies are required pursuant to the Applicable Reliability Standards”. The Nevada Companies assert that this modification would permit the Interconnection Customer the flexibility intended by the Commission while conforming to the WECC’s established reliability requirements.

51. Section 5.1.2 of the pro forma LGIP requires the Transmission Provider and Interconnection Customer to transition from an outstanding interconnection request to the LGIA. The Nevada Companies propose to revise the meaning of “outstanding interconnection request” as defined within Section 5.1.2 of the pro forma LGIP. The proposed revision would exclude executed conforming agreements from the definition provided. The Nevada Companies assert that this revision is consistent with FERC’s new reporting requirements under Order No. 2001 whereby a jurisdictional Transmission Provider is not required to file a fully executed “conforming” LGIA. Additionally, it asserts that in Order No. 2003, paragraph 915, under FERC’s revised reporting requirements, only a non-conforming LGIA or an unexecuted LGIA needs to be filed. Further, the Nevada Companies contend that this proposed change is superior to the pro forma LGIP because it more succinctly reflects the Commission’s present policy regarding which agreements are required to be filed with the Commission.

52. Section 5.2 of the pro forma LGIP sets forth the process by which deposits or payments should be refunded to the Interconnection Customer when a Transmission Provider transfers control of its Transmission System to a successor Transmission Provider while an Interconnection Request is pending. The Nevada Companies propose to revise this section to reference the \$2,000 processing fee proposed in Section 3.1. In addition, the second sentence in this section states that certain funds will be refunded “to the Interconnection, as appropriate”. The Nevada Companies propose to delete “the” before Interconnection, and insert “Customer” after Interconnection.

53. Section 6.1 of the pro forma LGIP sets forth provisions for conducting the Interconnection Feasibility Study. Specifically, one provision states that the Transmission Provider must provide the Interconnection Customer with a good faith estimate of the cost for completing the Interconnection Feasibility Study. The Nevada Companies’ propose to revise this provision to clarify that its estimate of the cost for completing the Interconnection Feasibility Study in a “non-binding” good faith estimate only. The Nevada Companies assert that this proposed change is consistent with the intent of the Commission that such study cost estimates are non-binding.

54. Section 6.1 of the pro forma LGIP also requires the Interconnection Customer to execute and deliver to the Transmission Provider the Interconnection Feasibility Study Agreement no later than thirty Calendar Days after its receipt. The Nevada Companies propose to remove the requirement to submit a \$10,000 payment along with an executed Interconnection Feasibility Study Agreement. It states that the Transmission Provider is already in receipt of the \$8,000 study deposit because this was required along with the initial Interconnection Request as set forth in Section 3.3 of the LGIP.

55. Section 6.3.1 of the pro forma LGIP requires the Transmission Provider and Interconnection Customer to meet to discuss the results of the Interconnection Feasibility Study within ten days of the Interconnection Customer receiving a copy of the report. The Nevada Companies propose that either party be allowed to recommend some other mutually agreed upon date. The Nevada Companies believe that this proposed revision would be beneficial to all parties and is consistent with the Commission's intent on determination of a meeting date that would be both timely and agreeable to both the Interconnection Customer and the Transmission Provider.

56. Section 6.4 of the pro forma LGIP requires the Transmission Provider to notify the Interconnection Customer in writing if a Re-Study of the Interconnection Feasibility Study is required. The Nevada Companies propose to revise this provision to allow the communications to take place through electronic means. This revision is a result of the Nevada Companies' proposed revisions to Section 3.3.2 which, if accepted, would allow the parties to participate in formal communications through e-mail.

57. Section 7.2 of the pro forma LGIP requires the Interconnection Customer to execute the Interconnection System Impact Study Agreement and deliver it to the Transmission Provider within thirty days after its receipt along with a demonstration of Site Control and a \$50,000 deposit. The Nevada Companies propose to revise the language and term the deposit a payment. In addition, they propose to lower the amount to \$30,000. The Nevada Companies assert that experience has shown that the proposed deposit amounts are sufficient to cover the costs associated with the various Interconnection studies. They contend that the proposed change is superior to the pro forma LGIP in that it reduces the deposit amount to that which is actually required.

58. Section 7.4 of the pro forma LGIP sets forth the Interconnection System Impact Study Procedures. This provision requires the Transmission Provider to provide the Interconnection Customer with various types of information upon the request by the Interconnection Customer, subject to the confidentiality provisions in Section 13.1. The Nevada Companies propose to revise this section so that the information would be provided consistent with proposed Section 2.3, which states that Base Case Data would

be handled in accordance with Applicable Reliability Council Policies. The Nevada Companies assert that the proposed change is consistent with the Commission's pro forma LGIP.

59. Section 7.5 of the pro forma LGIP requires the Transmission Provider and Interconnection Customer to meet to discuss the results of the Interconnection System Impact Study report within ten days of the Transmission Provider providing a copy of the report. The Nevada Companies propose that either party be allowed to recommend some other mutually agreed upon date. The Nevada Companies believe that this proposed revision would be beneficial to all parties and is consistent with the Commission's intent on determination of a meeting date that would be both timely and agreeable to both the Interconnection Customer and the Transmission Provider.

60. Section 7.6 of the pro forma LGIP sets forth provisions governing the Re-Study of the Interconnection System Impact Study. The provision states that a Re-Study may be necessary if the Point of Interconnection is re-designated pursuant to the Interconnection Feasibility Study, which allows for re-designation, should unexpected results arise during the Interconnection Feasibility Study. The Nevada Companies propose to revise this section to state that a Re-Study may be necessary if the Point of Interconnection is re-designated pursuant to the Interconnection Feasibility Study or pursuant to the Interconnection System Impact Study.

61. In addition, Section 7.6 of the pro forma LGIP states that should a Re-Study become necessary; the Transmission Provider must notify the Interconnection Customer of this situation in writing. The Nevada Companies propose to allow the Transmission Provider the option to provide this information through electronic communication. This revision is a result of the Nevada Companies' proposed revisions to Section 3.3.2 which, if accepted, would allow the parties to participate in formal communications through e-mail.

62. Section 8.1 of the pro forma LGIP requires the Interconnection Customer to execute the Interconnection Facilities Study Agreement and deliver it to the Transmission Provider within thirty days after its receipt along with required technical data and the greater of \$100,000 or the Interconnection Customer's portion of the estimated monthly cost of conducting the Interconnection Facilities Study. The Nevada Companies propose to lower the amount to \$30,000. The Nevada Companies assert that experience has shown that the proposed deposit amounts are sufficient to cover the costs associated with the various Interconnection studies. It contends that the proposed change is superior to the Commission's pro forma in that it reduces the deposit amount to that which is actually required.

63. Section 8.1.1 of the pro forma LGIP states that the Transmission Provider shall invoice the Interconnection Customer on a monthly basis for the work to be conducted on the Interconnection Facilities Study each month. The Nevada Companies propose to revise the language so that the invoice will reflect the estimated cost of the work conducted and upon the completion of the study; there will be a final invoice that will “true-up” any work or overpayments made by the Interconnection Customer.

64. Section 8.4 of the pro forma LGIP requires the Transmission Provider and Interconnection Customer to meet to discuss the results of the Interconnection Facilities Study report within ten days of the Transmission Provider providing a copy of the draft report. The Nevada Companies propose that either party be allowed to recommend some other mutually agreed upon date. The Nevada Companies believe that this proposed revision would be beneficial to all parties and is consistent with the Commission’s intent on determination of a meeting date that would be both timely and agreeable to both the Interconnection Customer and the Transmission Provider.

65. Section 10.3 of the pro forma LGIP states that the Interconnection Customer shall submit a prepayment with the Optional Study Interconnection Agreement. Additionally, the provision states that any difference between the study payment and the actual cost shall be paid by the Customer as appropriate. The Nevada Companies propose to revise the language to state that the Interconnection Customer agrees that any difference between the study payment and the actual cost shall be paid by the Customer as appropriate. The Nevada Companies assert that the proposed revision is merely intended to better clarify the intent of the Commission’s pro forma language in Section 10.3 of the LGIP. They further assert that the proposed revision is consistent with the intent of Section 10.3 of the Commission’s pro forma LGIP.

66. Section 11.1 of the pro forma LGIP provides guidance on tendering the Standard Large Generator Interconnection Agreement. It states that “within thirty Calendar Days after the comments are submitted, Interconnection Customer shall tender a draft LGIA, together with draft appendices completed to the extent practicable”. The Nevada Companies propose to revise the provision to state that the Transmission Provider shall tender the draft LGIA because it is incumbent on the Transmission Provider, and not the Interconnection Customer to tender a draft LGIA to the Interconnection Customer. The Nevada Companies believe the Commission inadvertently used the term Interconnection Customer when it actually meant for Transmission Provider to be inserted.

67. Additionally, in Section 11.1, the Nevada Companies propose to insert additional language regarding joint ownership of transmission facilities. The proposed language would require that, in the case of jointly owned facilities, the Transmission Provider must process Interconnection Requests in accordance with the provisions of any agreements and practices followed by the owners of such facilities as long as the agreements do not

restrict or preclude third party interconnections. In addition, in the case of jointly owned facilities that include non-jurisdictional owners who have safe harbor reciprocity tariffs on file at the FERC, the Transmission Provider and the others owners shall decide which utility shall process the Interconnection Request. Finally, in the case of jointly owned facilities that include non-jurisdictional utilities that do not have a reciprocity tariff on file at FERC, the Transmission Provider shall work with the non-jurisdictional co-owners to coordinate the study process. The Nevada Companies assert that this revision is justified for the reasons use to justify the revisions to Section 3.3.1.

68. Section 11.2 of the pro forma LGIP sets forth a process by which the Transmission Provider and the Interconnection customer shall negotiate with respect to the appendices in the LGIA. The provision uses 60 Calendar Days on two occasions, however, on the third occasion the provision states 60 Calendar days. The Nevada Companies believe the Commission inadvertently used days when actually meant to use Days and propose to insert a capital “D”.

69. Section 11.3 of the pro forma LGIP states that “Within fifteen Business Days after receipt of the final LGIA, Interconnection Customer shall provide Transmission Provider (A) reasonable evidence that continued Site Control or (B) posting of \$250,000 non-refundable additional security, which shall be applied toward future construction costs”. The Nevada Companies propose revising the provision to state that the “Interconnection Customer has continued Site Control” and allowing the posting of the lesser amount of \$250,000 or the Interconnection Facilities Study estimated cost. The Nevada Companies assert that these changes are consistent to or superior to the Commission’s intent within Section 11.3 of the pro forma LGIP.

70. Section 11.4 of the pro forma LGIP requires that upon submission of an unexecuted LGIA, the Interconnection Customer and the Transmission Provider shall promptly comply with the unexecuted LGIA, subject to modification by FERC. The Nevada Companies propose to revise the provision so that both parties shall implement the agreed upon provisions in the unexecuted LGIA, upon acceptance of and subject to modification by FERC.

71. In support of their revisions to Section 11.4, the Nevada Companies assert that a Transmission Provider should not commit itself to obligations to construct facilities for which a contractual agreement has not been executed. Additionally, the Nevada Companies assert that without acceptance of the unexecuted LGIA by the Commission, and the Interconnection Customer’s subsequent execution of the LGIA, there is no legal instrument that binds the Interconnection Customer to reimburse the Nevada Companies for any expenditures for facilities needed to interconnect the Generating Facility to the Nevada Companies’ Transmission System or for required Network Upgrades. The Nevada Companies state that this proposed revision is consistent with the Commission’s

intent regarding treatment of unexecuted LGIAs and mitigates the Transmission Provider's risk of incurring significant costs that may not be recoverable from a potential Interconnection Customer should such customer ultimately elect to not execute the LGIA.

72. Section 12.2.4 of the pro forma LGIP describes the process of amending an Interconnection System Impact Study in the context of construction sequencing. The Nevada Companies propose to revise this section to state that the Interconnection Customer shall be responsible for any costs associated with amending any Interconnection System Impact Study (ies). The Nevada Companies assert that this clarification is consistent with the Commission's allowed recovery of study costs as stated within the pro forma LGIP.

73. Section 13.1 of the pro forma LGIP Section 13.1 (Confidentiality) of the Commission's LGIP describes what constitutes confidential information, the process for designating confidential material, and the basis for asserting that certain information should receive confidential treatment. The Nevada Companies propose to add language that would allow the Transmission Provider to perform study work using WECC data (power flow, stability, and disturbance monitoring data) for non-members provided that the WECC data are not provided to the non-member. Under such arrangements the non-members are permitted to look at the data in the Transmission Provider's office to gain an understanding of the study results, but are not permitted to have the data or a copy of the data. The interconnection customer must also sign the WECC Non-member Confidentiality Agreement in accordance with regional Reliability Council policies. The Nevada Companies assert that these are regional practices set forth by the Applicable Reliability Council.

74. Sections 13.1.9, 13.1.10, and 13.1.11 of the pro forma LGIP do not have Section headers. The Nevada Companies propose to provide headers to maintain consistency throughout the LGIP. The Nevada Companies have proposed to label Sections 13.1.9, 13.1.10, and 13.1.11 Competitively Sensitive Information, Exceptions, and Destruction or Return of Confidential Data, respectively.

75. Section 13.3 of the pro forma LGIP sets forth the processes by which parties should charge, pay, and offset study costs. The Nevada Companies propose to revise the language to reflect the \$2,000 processing fee the Nevada Companies have proposed in Section 3.1 of the LGIP.

76. Section 13.3 of the pro forma LGIP specifies that a third party consultant may be utilized when conducting studies. The Nevada Companies propose to delete "as soon" from the language in this section. The Nevada Companies state that this phrase is repeated two times consecutively.

77. Section 13.6.2 of the pro forma LGIP sets forth alternative procedures for requesting interconnection service. Within this section, the pro forma uses the language “Calendar days”. The Nevada Companies assert that the Commission inadvertently used “days” when it should have used “Days” and propose to revise the language accordingly.

78. Appendix 1 to the pro forma LGIP identifies information required when an Interconnection Customer submits a request to interconnect its Large Generating Facility (Facility) to a Transmission Provider’s system. There are ten (10) sections for which information must be provided.

79. In Section 1 of the pro forma Appendix 1 the Interconnection Customer has the option to have the Transmission Provider study either Energy Resource Interconnection Service or Network Resource Service. The Nevada Companies proposes wording that will provide the Interconnection Customer with the option to have both types of service studied. The Nevada Companies state that the revision is consistent with the Interconnection Customer’s provisions in Section 3.2 of the pro forma LGIP.

80. Section 5b of the pro forma Appendix 1 specifies the maximum summer and winter electrical output of the proposed new Facility or the increase in capacity of an existing Generating Facility. The Nevada Companies propose wording that would make provisions for information pertaining to various phases of completion of new generators within a Facility. The Nevada Companies state that the information requirement is consistent with the other information the Commission has detailed in the pro forma LGIP.

81. The Nevada Companies propose an additional subsection under Section 5 of the pro forma Appendix 1 which identifies the date(s) that a Facility plans to test operations of generating units within the Facility. The Nevada Companies state that it is important to know when testing will occur and that the information is consistent with other similar types of information the Commission requires the Interconnection Customer to furnish to the Transmission Provider. The revised subsection will be identified as Section 5d and all subsequent subsections will be renumbered in sequence.

82. Section 5d of the pro forma Appendix 1 identifies the date of commercial operation of the Facility. The proposed revision by the Nevada Companies requires the identification of the commercial operation date for each generating unit within the Facility. The Nevada Companies state that the information is consistent with other similar types of information the Commission requires the Interconnection Customer to furnish to the Transmission Provider. The revised section will be identified as Section 5e.

83. The Nevada Companies propose the addition of Section 5i to the pro forma Appendix 1. Section 5i allows the Nevada Companies to request any additional information that would be reasonably needed to evaluate an Interconnection Request.

The Nevada Companies state that the proposed revision is consistent with the Commission's intent regarding access to needed information to fully analyze and act upon Interconnection Requests.

84. Section 6 of the pro forma Appendix 1 requests a deposit as specified in the LGIP. The Nevada Companies propose to revise this section by adding wording that specifies a payment amount that includes a \$2,000 processing fee and the costs associated with performing the Interconnection Feasibility Study. Also included is a requirement for the Interconnection Customer to be responsible for incremental study costs that exceed \$10,000. The Nevada Companies assert that considerable amounts of time and resources are expended prior to the time an Interconnection Customer executes the Interconnection Feasibility Study Agreement, as well as after the completion of the Interconnection Feasibility Study. Additionally, the Nevada Companies state that FERC has previously recognized that the Transmission Provider incurs processing costs through its NOPR addressing Small Generating Facility Interconnection Requests that expressly permits the charging of processing fees.

85. Section 8 of the pro forma Appendix 1 identifies the representative designated to receive the Interconnection Request. The Nevada Companies propose a revision that directs the Interconnection Customer to refer to Appendix 2, Section 8 of the LGIP. The Nevada Companies state that the purpose of the proposed revision is to clarify the contact information provided in Appendix 2, Section 8 of the pro forma LGIP.

86. Attachment A to the pro forma Appendix 1 identifies the specific data to be provided for each Facility. The Nevada Companies propose to revise the information by requiring inclusion of the same data for each individual generating unit within the Facility. The Nevada Companies assert that new generating units are completed in various phases and that the information requirement is consistent with the other information the Commission has detailed in the pro forma LGIP.

87. Appendix 2 to the pro forma LGIP refers to the term "Agreement". The Nevada Companies proposes a revision that designates "Interconnection Feasibility Agreement" as the specific agreement in Appendix 2. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced.

88. The Nevada Companies propose revisions to the WHEREAS clauses of Appendix 2 that include proposals to add generating capacity to an existing Facility and the evaluation of the impact on any Affected Systems. The Nevada Companies assert that this will clarify the Commission's intent and is consistent with the pro forma text in Appendix 2 to the Commission's pro forma LGIP.

89. Sections 1.0 and 3.0 of Appendix 2 to the pro forma LGIP refer to the term “Agreement”. The Nevada Companies propose to identify a specific agreement designated as Feasibility Study Agreement. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced.

90. Section 6.0 of Appendix 2 to the pro forma LGIP requires a \$10,000 deposit by the Interconnection Customer for the performance of the Interconnection Feasibility Study. It further specifies how the deposit is applied to the actual costs of the Interconnection Feasibility Study and the disposition of any difference between the deposit and the actual costs. The Nevada Companies propose to revise this section by substituting the term payment for deposit and to include a \$2,000 processing fee as part of the \$10,000 payment and the remainder to be applied towards the costs of the Interconnection Feasibility Study. The Nevada Companies assert that considerable amounts of time and resources are expended prior to the time an Interconnection Customer executes the Interconnection Feasibility Study Agreement, as well as after the completion of the Interconnection Feasibility Study. Additionally, the Nevada Companies state that FERC has previously recognized that the Transmission Provider incurs processing costs through its NOPR addressing Small Generating Facility Interconnection Requests that expressly permits the charging of processing fees.

91. The Nevada Companies propose to add an additional section, to be designated as Section 8.0, to Appendix 2 to the pro forma LGIP. Section 8.0 designates representatives of the parties to which all communications should be directed. The Nevada Companies state that this proposed addition is to clarify the specific contact personnel for both parties.

92. Attachment A to Appendix 2 to the pro forma LGIP identifies assumptions to be used by the Transmission Provider in conducting the Interconnection Feasibility Study. The Nevada Companies propose a revision that identifies the specific type of interconnection service the Interconnection Customer wants studied. The Nevada Companies assert that it is incumbent upon the Transmission Provider to be clear as to what specific type(s) of interconnection service is to be studied and that the proposed revision is consistent with the Commission requirements within the pro forma LGIP.

93. Appendix 3 to the pro forma LGIP refers to the term “Agreement”. The Nevada Companies proposes a revision that designates “Interconnection System Impact Study Agreement” as the specific agreement in Appendix 3. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this revision is superior to the Commission’s designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

94. The Nevada Companies propose revisions to the WHEREAS clauses of Appendix 3 that include proposals to add generating capacity to an existing Facility and the impact on any Affected Systems. The Nevada Companies assert that this will clarify the Commission's intent and is consistent with the pro forma text in Appendix 3 to the Commission's pro forma LGIP.

95. Sections 1.0 and 3.0 of Appendix 3 to the pro forma LGIP refer to the term "Agreement". The Nevada Companies propose to identify a specific agreement designated as Impact Study Agreement. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this revision is superior to the Commission's designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

96. Section 6.0 of Appendix 3 to the pro forma LGIP specifies a deposit of \$50,000 for the performance of an Interconnection System Impact Study, the completion date of the study and how the deposit is applied to the cost of the Interconnection System Impact Study. The proposed revision substitutes the term payment for deposit and reduces the required payment to \$30,000. The Nevada Companies state that experience has shown that the proposed payment amount is sufficient to cover the costs associated with the various interconnection studies and the proposed change is superior to the Commission's pro forma in that it reduces the deposit amount to that which is actually required.

97. The Nevada Companies propose to add an additional section, to be designated as Section 8.0, to Appendix 3 to the pro forma LGIP. Section 8.0 designates representatives of the parties to which all communications should be directed. The Nevada Companies state that this proposed addition is to clarify the specific contact personnel for both parties.

98. Attachment A to Appendix 3 to the pro forma LGIP identifies assumptions to be used by the Transmission Provider in conducting the Interconnection System Impact Study. The Nevada Companies propose a revision that identifies the specific type of interconnection service the Interconnection Customer wants studied. The Nevada Companies assert that it is incumbent upon the Transmission Provider to be clear as to what specific type(s) of interconnection service is to be studied and that the proposed revision is consistent with the Commission requirements within the pro forma LGIP.

99. Appendix 4 to the pro forma LGIP refers to the term "Agreement". The Nevada Companies proposes a revision that designates "Interconnection Facilities Study Agreement" as the specific agreement in Appendix 4. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this

revision is superior to the Commission's designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

100. The Nevada Companies proposes a revision to the WHEREAS clause of Appendix 4 that include proposals to add generating capacity to an existing Facility. The Nevada Companies assert that this will clarify the Commission's intent and is consistent with the pro forma text in Appendix 4 to the Commission's pro forma LGIP.

101. Sections 1.0 and 3.0 of Appendix 4 to the pro forma LGIP refer to the term "Agreement". The Nevada Companies propose to identify a specific agreement designated as Facilities Study Agreement. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this revision is superior to the Commission's designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

102. Section 4.0 of Appendix 4 to the pro forma LGIP specifies in part that the Interconnection Facilities Study report shall provide a description, estimated costs and a schedule for required facilities to interconnect the Facility to the Transmission System. The Nevada Companies propose a revision that includes, in the required schedule, the acquisition of equipment and construction of facilities required for interconnection. The Nevada Companies state that the proposed revision is to clarify the language in Section 4.0 consistent with Commission requirements within the pro forma LGIP.

103. Section 5.0 of Appendix 4 to the pro forma LGIP requires a \$100,000 deposit by the Interconnection Customer for the performance of the Interconnection Facilities Study and the designation of a time for completion of the study. The proposed revision substitutes the term payment for deposit, reduces the required payment to \$30,000 and specifies that the completion time is an estimate. The Nevada Companies state that experience has shown that the proposed payment amount is sufficient to cover the costs associated with the various interconnection studies and the proposed change is superior to the Commission's pro forma in that it reduces the deposit amount to that which is actually required.

104. The Nevada Companies propose to add an additional section, to be designated as Section 7.0, to Appendix 4 to the pro forma LGIP.²⁵ Section 7.0 designates representatives of the parties to which all communications should be directed. The

²⁵ The Nevada Companies referred to this Section as Section 7.0 in the description justifying the change, however, the actual Tariff Sheets have omitted Section 7.0 completely and this revision is designated as Section 8.0.

Nevada Companies state that this proposed addition is to clarify the specific contact personnel for both parties.

105. Attachment B to Appendix 4 to the pro forma LGIP requires in part the specification of whether or not an alternate source of auxiliary power will be available during CT/PT maintenance. The Nevada Companies propose to delete the section dealing with CT/PT maintenance in its entirety. The Nevada Companies propose to revise and replace this section with provisions providing more detail. The revision requires disclosure of the Interconnection Customer's intent to obtain all or part of its auxiliary power from the Transmission Provider, and a detailed description of how and what portion of the Facility's auxiliary power requirements will be met during CT/PT maintenance and various operational conditions of the Facility. The Nevada Companies assert that it is necessary to know this information at the time the Interconnection Facilities Study is being developed in order for the Nevada Companies to know whether the Facility's auxiliary power requirements are being provided by the Nevada Companies or some other third party. The Nevada Companies further state that the additional information that is being proposed in Attachment B is consistent with other similar type information that the Commission intends to be made available to the Transmission Provider if so requested and required.

106. Appendix 5 to the pro forma LGIP refers to the term "Agreement". The Nevada Companies proposes a revision that designates "Optional Interconnection Study Agreement" as the specific agreement in Appendix 5. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this revision is superior to the Commission's designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

107. The Nevada Companies proposes a revision to the WHEREAS clause of Appendix 5 that include proposals to add generating capacity to an existing Facility. The Nevada Companies assert that this will clarify the Commission's intent and is consistent with the pro forma text in Appendix 5 to the Commission's pro forma LGIP.

108. Sections 1.0, 3.0 and 5.0 of Appendix 5 to the pro forma LGIP refer to the term "Agreement". The Nevada Companies propose to identify a specific agreement designated as Optional Interconnection Study Agreement. The Nevada Companies state that designation of a specific and different agreement name will help clarify for all parties what agreement is being referenced. The Nevada Companies further assert that this revision is superior to the Commission's designations for the various pro forma LGIP and LGIA agreements inasmuch as it clearly designates what agreement is being referenced.

109. Section 6.0 of Appendix 5 to the pro forma LGIP specifies a deposit of \$10,000 for the performance of the Optional Interconnection Study, a good faith estimate of the completion date of the study and how the deposit is applied to the cost of the Optional Interconnection Study. The proposed revision substitutes the term payment for deposit. The Nevada Companies assert that considerable amounts of time and resources are expended prior to the time an Interconnection Customer executes the Optional Interconnection Study Agreement, as well as after the completion of the Optional Interconnection Study.

110. The Nevada Companies propose to add an additional section, to be designated as Section 8.0, to Appendix 5 to the pro forma LGIP. Section 8.0 designates representatives of the parties to which all communications should be directed. The Nevada Companies state that this proposed addition is to clarify the specific contact personnel for both parties.

111. The Nevada Companies propose to add an attachment, to be designated as Attachment A, to Appendix 5 to the pro forma LGIP. The proposed Attachment A identifies assumptions to be used by the Transmission Provider in conducting the Optional Interconnection Study and is to be completed by the Interconnection Customer consistent with Section 10 of the LGIP. The Nevada Companies state that although this attachment was included in the Commission's original pro forma LGIP pursuant to Order No. 2003, it was omitted in the pro forma LGIP published pursuant to FERC Order 2003-A.

C. Nevada Companies' Proposed Modifications to the pro forma LGIA

112. Article 2.1 of the pro forma LGIA specifies that the LGIA shall become effective upon execution by the Parties subject to acceptance by FERC (if applicable), or if filed unexecuted, upon the date specified by FERC. The Nevada Companies propose to revise this Article, using the definition of Effective Date provided in the LGIA, to state that the LGIA shall become effective upon the Effective Date. The Nevada Companies assert that using the definition of Effective Date clarifies the language and is consistent with the Commission's intent.

113. Article 2.2 of the pro forma LGIA states that the LGIA shall remain in effect for ten years from the Effective Date or longer if the Interconnection Customer requests a longer term. The term shall be specified in the individual agreements and shall automatically be renewed for each successive one year period thereafter. The Nevada Companies propose to add language that requires the LGIA to remain in effect if the Generating Facility is operated, or intended to be operated, synchronously with the

Transmission System, or if the Interconnection Facilities are required to remain in place for purposes of delivering auxiliary power to the Generating Facility complex.

114. Article 2.3.1 of the pro forma LGIA allows the Interconnection Customer to terminate the LGIA after providing the Transmission Provider with ninety Calendar Days advance written notice. The Nevada Companies propose to insert language stating that this provision would not apply if the Generating Facility is operated, or intended to be operated, synchronously with the Transmission System, or if the Interconnection Facilities are required to remain in place for purposes of delivering auxiliary power to the Generating Facility complex.

115. The Nevada Companies propose adding an Article 2.3.3 to the LGIA. This provision would be entitled “Suspension” and would state that the LGIA may be terminated in accordance with Article 5.16. The Nevada Companies assert that this revision is consistent with the Commission’s intent.

116. The Nevada Companies propose to add Article 2.3.4 to the LGIA. The heading would be entitled “FERC Notice of Termination”. This Article would consist of the second sentence in Article 2.3.2 of the pro forma LGIA being numbered and titled.

117. Article 2.4 of the pro forma LGIA sets forth which costs are Termination Costs. The Nevada Companies propose to revise “Terminating Party”, as used within this provision, to terminating Party. They state that “Terminating Party” is not defined and should not be capitalized. In addition, the pro forma LGIA states that in the event of termination by a Party, the Parties shall use commercially Reasonable Efforts to mitigate the costs. The Nevada Companies assert that Reasonable Efforts is a defined term and the use of “commercially” is unnecessary as the definition is what is intended to be used. The Nevada Companies assert that this clarifying revision is consistent with the Commission’s intent.

118. Article 4.1 of the pro forma LGIA entitled Interconnection Product Options states that the Interconnection Customer has selected the following types of service, with the two choices being Energy Resource Interconnection Service (ERIS) and Network Resource Interconnection Service (NRIS). The Nevada Companies propose to limit the Customer to selecting one of those options as identified in Appendix A.

119. Article 4.1.1.1 of the pro forma LGIA describes the product ERIS. The Nevada Companies proposes multiple revisions to the language for clarification purposes. They propose to revise a portion of the provision that states the “Transmission Provider shall construct facilities identified in Attachment A” to “Transmission Provider shall construct or have constructed facilities identified in Appendix A”. The Nevada Companies assert that the Transmission Provider may opt to contract to have such facilities constructed. The Nevada Companies contend that this revision is consistent with the Commission’s

allowed policy for any construction obligations incumbent on a Transmission Provider pursuant to the LGIA. In addition, a portion of the provision states that ERIS “allows Interconnection Customer to connect the Large Generating Facility to the Transmission System”. The Nevada Companies propose to revise it to state “allows Interconnection Customer’s Large Generating Facility to be interconnected to the Transmission System”.

120. Article 4.1.1.2 of the pro forma LGIA sets forth the implication of Transmission Delivery Service under ERIS. The Nevada Companies propose to revise this provision to add language that clarifies that before the Interconnection Customer can inject power from its Large Generating Facility, it must first request transmission services into the Transmission System from Transmission Provider under a separate agreement. The Nevada Companies assert that this revision is clearly consistent with the Commission’s policy on this issue. Also, the Nevada Companies propose to delete references to transmission organizations that do not pertain to it that are named within this provision.

121. Additionally, in Article 4.1.1.2, the pro forma LGIA states that under certain conditions an Interconnection Customer may obtain secondary network transmission service. The Nevada Companies propose to delete the word “network” from this provision since there are no provisions for any type of “secondary” transmission service in the Tariff regarding network transmission service. However, secondary transmission service is allowed for Point-to-Point transmission service. The Nevada Companies assert that in order to be consistent with the provisions in the Tariff, this proposed revision is required and superior to the present LGIA because it eliminates an inconsistency between the terms in the Tariff and the terms in the LGIA.

122. Article 4.1.2.1 of the pro forma LGIA describes the product NRIS and states that the Transmission Provider must construct the Network Upgrades needed to integrate the Large Generating Facility into the system. The Nevada Companies propose to insert language that clarifies that the Transmission Provider may construct Network Upgrades or contract to have such facilities constructed. The provision also states that the studies and construction should be conducted in the same manner for all Network Resources in an ISO or RTO with market based congestion management. The Nevada Companies propose to delete “ISO” and modify the language to acknowledge that this provision may not be applicable if an RTO does not exist.

123. Article 4.1.2.2 of the pro forma LGIA specifies that NRIS allows the Interconnection Customer’s Large Generating Facility to be designated by any Network Customer under the Tariff on the Transmission Provider’s Transmission System as a Network Resource. The Nevada Companies propose to revise this provision to state that any customer taking retail access transmission service may designate the Large Generating Facility as a Network Resource. The Nevada Companies assert that this proposed revision is needed as a result of the Public Utilities Commission of Nevada’s

implementation of Retail Access, which requires Transmission Provider to provide transmission service to Retail Access Transmission Service customers in accordance with Part 4 of Transmission Provider's Tariff.

124. Additionally, in Article 4.1.2.2, the Nevada Companies propose to add clarifying language in which would require the Interconnection Customer to also subscribe to transmission service under Transmission Provider's OATT if it was eligible and intended to make deliveries of ancillary services. The Nevada Companies assert that this revision is consistent with the Commission's policy of requiring an Interconnection Customer to first acquire transmission service under an agreement that is separate and apart from the LGIA prior to it being allowed to input any electric power emanating from its Large Generating Facility in Transmission Provider's Transmission System. The Nevada Companies also propose to add language to clarify that the Interconnection Customer shall be responsible for any additional studies described in this article. The Nevada Companies assert that this is consistent with the Commission's policy of cost responsibility for studies.

125. Article 4.3 of the pro forma LGIA sets forth that the parties to the LGIA shall perform obligations under the LGIA in accordance applicable reliability standards, good utility practices, and applicable laws and regulations. Also, should a party be prevented from fulfilling these obligations by the regulations or standards previously identified, an amended LGIA may be submitted to FERC for approval. The Nevada Companies propose to revise this provision to state that should a party be legally precluded from performing its obligations within this LGIA, the parties shall develop alternate provisions and file them with the Commission as a non-conforming service agreement.

126. The Nevada Companies assert that the proposed revision to Article 4.3 of the LGIA is necessary to recognize certain rights that a Transmission Provider should be entitled to under a bi-lateral agreement such as this LGIA. The Nevada Companies assert that the current provision might present a problem to a Transmission Provider seeking recovery of costs due it in the event the Interconnection Customer fails to pay what it owes, or fails to operate as it is required claiming it is not required because of some legal requirement. In that situation a Transmission Provider may be required to continue to provide the service for which it had no recourse to collect costs incurred by such actions.

127. The Nevada Companies state that this proposed revision is an equitable solution to the concerns of both the Transmission Provider and the Interconnection Customer, and is superior to the present pro forma requirements pertaining to this section of the LGIA.

128. Article 4.4 of the pro forma LGIA specifies that the execution of an LGIA does not constitute a request for delivery service under the Tariff, nor does it convey any right to deliver electricity to any specific customer or points of delivery. The Nevada

Companies state that the term “Point of Delivery” is defined in its Tariff, however, it has a somewhat different meaning than what the Commission intended for purposes of the LGIP/LGIA. The Nevada Companies propose to re-designate this to become a new term “Point(s) of Delivery related to Large Generating Facilities” for use in the LGIP/LGIA so no conflict exists with a similar term used in the Tariff. The Nevada Companies assert that this proposed revision is superior to the LGIA for the reasons discussed above.

129. The Nevada Companies propose to modify Article 5.1 of the pro forma LGIA, which references Appendix A of the LGIA. The revision would simply reflect the proposed change to the title of Appendix A. The Nevada Companies assert that this proposed revision is superior to the LGIA in that it more clearly specifies all facilities needed for the interconnection.

130. Article 5.1.1 of the pro forma LGIA states that the Transmission Provider should provide written notification to the Interconnection Customer if the Interconnection Facilities and Network Upgrades will not be completed by the specified date. The Nevada Companies propose to revise this section to allow notice to be given through electronic means pursuant to Nevada Companies’ proposed Section 3.3.2 of the LGIP.

131. Article 5.2 (2) of the pro forma LGIA sets forth general conditions applicable to the option to build. The Nevada Companies propose to revise this provision to reflect that should the Interconnection Customer assume responsibility for the design, procurement and construction of the Transmission Provider’s Interconnection Facilities and Stand Alone Network Upgrades, the upgrades must comply with the same “Applicable Reliability Standards” as if the Transmission Provider had constructed them.

132. The Nevada Companies are proposing to add a new subsection, Article 5.2 (8), to the pro forma LGIA subsection of General Conditions Applicable to Option to Build. This new subsection would require the Interconnection Customer to negotiate an agreement with all Affected System Operators regarding remedies that may be needed should an entity interconnecting to Transmission Provider’s Transmission System cause disturbances on or affect the reliability of an Affected System. The Nevada Companies assert that this is consistent with other similar obligations the Commission imposes on the Interconnection Customer that result in modifications being required on Affected Systems.

133. Article 5.2 (13) of the pro forma LGIA is a subsection of General Conditions Applicable to Option to Build. Article 5.2 requires the Transmission Provider to expend certain resources reviewing and commenting on submissions the Interconnection Customer must provide to the Transmission Provider. The Nevada Companies propose to revise this provision to allow the Transmission Provider to recover all its costs incurred in performance of the Companies’ responsibilities set forth in Article 5.2. The Nevada

Companies assert that this proposed revision for cost recovery is consistent with other Commission allowed cost recoveries inherent with obligations required be taken by a Transmission Provider in accordance with pro forma LGIA requirements.

134. Article 5.3 of the pro forma LGIA sets forth provisions that dictate when liquidated damages are and are not required. The Nevada Companies propose to revise this provision so that it may not be subject to any claim if the delays in the performance of its obligations were a result of completing Affected System Upgrades. The Nevada Companies assert that this proposed revision is consistent with the Commission's intentions of similar notice in other parts of the pro forma LGIA.

135. Article 5.4 of the pro forma LGIA states that the Interconnection Customer shall procure, install, maintain and operate Power System Stabilizers in accordance with the procedures established by the Applicable Reliability Council. The Nevada Companies propose adding language to this section to recognize that should the Nevada Companies join an RTO; the RTO will likely set forth criteria for installation, maintenance and operation of Power System Stabilizers. The Nevada Companies assert that this revision is consistent with other provisions within the pro forma LGIA where the Commission has deferred judgment on a particular operating issue to the RTO/ISO.

136. Article 5.5 of the pro forma LGIA states that the Transmission Provider must commence the design of the Interconnection Facilities or Network Upgrades as soon as certain conditions are satisfied. Specifically, the condition listed in Article 5.5.1 is that the Transmission Provider must complete the Facilities Study pursuant to the Facilities Study Agreement. The Nevada Companies propose that the word "Interconnection" be inserted before "Facilities Study" and "Facilities Study Agreement". The Nevada Companies believe the Commission inadvertently failed to include it.

137. Article 5.7 of the pro forma LGIA specifies that if the Interconnection Customer determines that the completion of the Interconnection Facilities will not be required until after the specified in-service date, it must notify the Transmission Provider of such date. The Nevada Companies propose adding language to include a reference to Network Upgrades in addition to the Transmission Provider's Interconnection Facilities. The Nevada Companies state that Network Upgrades should have been included in the Commission's pro forma LGIA but the Commission may have been inadvertently omitted it.

138. Article 5.9 of the pro forma LGIA states that an operating study may be performed to determine to what extent a Large Generating Facility or an Interconnection Customer's Interconnection Facilities may be operated in the case that a Transmission Provider has not completed the Transmission Provider's Interconnection Facilities or Network Upgrade construction on the specified Commercial Operation Date. The Nevada

Companies propose adding language to recognize that the impact on Affected Systems might also be a consideration in determining to what degree a Large Generating Facility can operate prior to completion of the Transmission Provider's Interconnection Facilities or Network Upgrades. The Nevada Companies assert that this proposed revision is consistent with other similar types of allowances considering impacts on Affected System that the Commission has allowed in other parts of the pro forma LGIA. Also, the Nevada Companies propose to revise the language to reflect that, as proposed in Article 4.1.1.1, it may not actually perform the study, instead opting to contract it out.

139. Additionally, in Article 5.9 of the pro forma LGIA, the Nevada Companies propose to revise the language to allow Large Generating Facilities to begin operation prior to completion of Transmission Provider's Interconnection Facilities, Network Upgrades or Affected System Upgrades in accordance with the results of studies conducted discussed in Article 5.9, and as long as operation of such generators was also consistent with Transmission Provider's operational policies and those of any Affected System. The Nevada Companies assert that this proposed requirement is needed to protect the reliability of the integrated Transmission System and is consistent with other Commission LGIA requirements intended to protect system reliability.

140. The Nevada Companies propose to modify Article 5.10 of the pro forma LGIA, which references Appendix A of the LGIA. The revision would simply reflect the proposed change to the title of Appendix A in the language of this provision. The Nevada Companies assert that this proposed revision is superior to the pro forma LGIA in that it more clearly specifies all facilities needed for the interconnection.

141. Article 5.10.3 of the pro forma LGIA specifies that, in connection with the construction of an Interconnection Customer's Interconnection Facilities (ICIF), the Interconnection Customer must provide to Transmission Provider specifications for the excitation system, automatic voltage regulator, Large Generating Facility control and protection settings, transformer tap settings and communications, if applicable. The Nevada Companies propose that in addition, the Interconnection Customer must also provide information on the location of metering equipment. The Nevada Companies assert that this is necessary to ensure that all meters are appropriately situated in order to accurately meter for all services that are being provided by Transmission Provider and that all output of the Generating Facility is being accurately metered. The Nevada Companies assert that this proposed revision is consistent with the Commission's requirements in this Article.

142. Article 5.14 of the pro forma LGIA states that the Interconnection Customer and the Transmission Owner/Transmission Provider must cooperate with one another when attempting to obtain the necessary permits, authorizations, and licenses necessary to accomplish the interconnection in compliance with applicable laws and regulations. The

Nevada Companies propose to revise this provision to clarify that the Nevada Companies' responsibilities are limited to those that pertain only to transmission line and related facilities. In addition, the Nevada Companies propose that all expenses that the Nevada Companies might incur in assisting the Interconnection Customer in obtaining all required permits, licenses and other authorizations needed to interconnect its Generating Facility to Transmission Provider's Transmission System will be at the Customer's expense. Finally, the Nevada Companies propose to add language to the end of Article 5.14 clarifying that any permitting assistance lent the Interconnection Customer shall be consistent with Applicable Laws and Regulations. The Nevada Companies assert that these revisions are consistent with the Commission's intent in this section of the pro forma LGIA.

143. Article 5.15 of the pro forma LGIA specifies each party's obligation in connection with the early construction of Base Case Facilities. The Nevada Companies propose adding clarifying language that would state that it is the Interconnection Customer's responsibility to fund the cost of any requested early construction of Base Case facilities. The Nevada Companies also state that all applicable refunds for such customer advances shall be made in accordance with Commission policies and practices.

144. Article 5.16 of the pro forma LGIA allows the Interconnection Customer to notify the Transmission Provider to suspend, for up to three years, all work being done regarding the installation of Transmission Provider's Interconnection Facilities and Network Upgrades. In addition, the Interconnection Customer is responsible for all costs incurred by the Transmission Provider for work already performed prior to the suspension and all costs incurred in suspending such work. The Nevada Companies state that since a suspension request is initiated entirely by the Interconnection Customer, as a matter of equity, the Interconnection Customer should not be entitled to accrual of interest monies that the Interconnection Customer may have advanced to a Transmission Provider for Network Upgrades.

145. The Nevada Companies propose to allow the Transmission Provider to stop accruing any interest during the suspension period that would otherwise be due the Interconnection Customer for payments already made for Network Upgrades. The Nevada Companies assert that this would serve as an incentive for the Interconnection Customer to resume completion of the project as quickly as possible and could potentially reduce transmission rates to Transmission Provider's customers because the transmission rate base would include transmission credits paid to Interconnection Customers, but would not include interest amounts discussed herein. Additionally, the Nevada Companies propose to add clarifying language that would more succinctly state how the Transmission Provider would bill the Interconnection Customer for costs incurred during the suspension. The Nevada Companies assert that these revisions are consistent with the Commission's overall intentions in the pro forma LGIA.

146. The Nevada Companies propose to revise Article 5.17.3 of the pro forma LGIA to reflect its proposed revisions Provisions of Security. Provisions of Security are set forth in Article 11.5 in the pro forma LGIA; however, the Nevada Companies have renumbered it to Article 11.6.

147. Article 5.17.4 of the pro forma LGIA sets forth provisions relating to an Interconnection Customer's liability for the tax gross up amounts due on certain facilities and upgrades. The Nevada Companies propose a revision that would specify that payments by the Interconnection Customer, as described within this Article, were for the Transmission Provider's Interconnection Facilities, not for Interconnection Customer's Interconnection Facilities. In addition, the Nevada Companies propose to modify this Article which references Appendix A of the LGIA. The revision would simply reflect a proposed change to the title of Appendix A.

148. The Nevada Companies propose to revise Article 5.17.8 of the pro forma LGIA to add language that clarifies that a Transmission Provider's refund obligation is limited to any amounts refunded to the Transmission Provider by a taxing authority. However, this would not apply in situations where the Transmission Provider has not submitted to a taxing authority monies collected from the Interconnection Customer which in such cases would be refunded with all applicable interest. The Nevada Companies assert that this revision is consistent with the Commission's intent concerning such refund obligations as stated in Order No. 2003-A. Additionally, the Nevada Companies propose additional language to clarify how interest on certain refund obligations would be calculated in accordance with the Commission's instructions in this section of the LGIA. The Nevada Companies that this revision is also consistent with Commission's intent.

149. Article 5.17.10 of the pro forma LGIA sets forth specific provisions in the instance that the Transmission Provider is not the Transmission Owner. The Nevada Companies propose to delete this Article asserting that the Nevada Companies are both a Transmission Owner and Transmission Provider, and therefore, this particular Article is not applicable.

150. The Nevada Companies propose multiple text additions to Article 5.19 of the pro forma LGIA. The Nevada Companies have modified the language in an effort to clarify the Commission's intent with regard to certain responsibilities associated with modifications that either Transmission Provider or an Interconnection Customer proposes to make to its facilities.

151. The Nevada Companies propose to add a new Article 5.20, entitled Other Interconnection Costs which details proposed recovery of costs that the Nevada Companies will incur as a result of interconnecting a Large Generating Facility to the

Nevada Companies' Transmission Systems. The Nevada Companies assert that, due to the configuration of its system, an Interconnection Customer may choose to use the Nevada Companies' Transmission Systems to interconnect and gain access to a major trading hub or to another interconnection point where many other systems are interconnected. The Nevada Companies further assert that, as a result, transmission facilities must be taken out of service for certain periods until the work associated with interconnection is completed. Additionally, the Nevada Companies and other neighboring utilities are forced to re-dispatch their respective systems. Finally, the Nevada Companies contend that replacement power can amount to millions of dollars even when line outages are reasonable in duration. The Nevada Companies believe that the proposed revision is reasonable and is consistent with the Commission's pronouncements in Order No. 2003-A for consideration of allowing recovery of such expenses and therefore, should be allowed.

152. The Nevada Companies propose to add a new Article 5.21, entitled Upgrades on Affected Systems containing Articles 5.21.1 and Article 5.21.2, entitled Coordination of Timing and Condition of Interconnection, respectively. This proposed Article would set forth that the Transmission Provider and Interconnection Customer must coordinate the timing and construction of Affected System Upgrades, Network Upgrades, and Interconnection Facilities to protect the reliability of the Affected System. In addition, when the interconnection endangers the reliability of the Affected System, the Transmission Provider may delay the Initial Synchronization Date until the Affected System can operate safely and reliably. In support of this revision, the Nevada Companies assert that the Nevada Companies and most transmission systems in the Western region of the United States, are inter-dependent on neighboring utilities' systems and may interconnected to any number of adjacent utility's systems. As a result, an interconnection of a new Large Generating Facility may cause disturbances or affect the reliability of other Affected Systems. The Nevada Companies assert that this proposed revision would address the coordination of any potential Affected System Upgrades that may be required as a result of a Generating Facility interconnecting to the Transmission System. The Nevada Companies further assert that this revision is consistent with the Commission's policy that Large Generator Interconnects should not affect the reliability of Affected Systems.²⁶

153. The Nevada Companies propose to add a new Article 5.22, entitled Requests on Jointly Owned Facilities which would address how Interconnection Requests affecting jointly owned transmission facilities will be processed. The language is similar to that which has been proposed for Section 3.3.1 of the LGIP. The provision would require

²⁶ The Nevada Companies cite Order No. 2003, paragraphs 118 and 120.

that, in the case of jointly owned facilities, the Transmission Provider must process Interconnection Requests in accordance with the provisions of any agreements and practices followed by the owners of such facilities as long as the agreements do not restrict or preclude third party interconnections. In addition, in the case of jointly owned facilities that include non-jurisdictional owners who have safe harbor reciprocity tariffs on file at the FERC, the Transmission Provider and the others owners shall decide which utility shall process the Interconnection Request. Finally, in the case of jointly owned facilities that include non-jurisdictional utilities that do not have a reciprocity tariff on file at FERC, the Transmission Provider shall work with the non-jurisdictional co-owners to coordinate the study process. The Nevada Companies assert that this revision is consistent with Order No. 2003-A.²⁷

154. Article 6.2 of the pro forma LGIA specifies that each party shall, at its own expense, perform routine inspection and testing of it own Facilities and equipment to ensure continued safe and reliable interconnection of the Large Generating Facility and the Transmission System. The Nevada Companies propose to revise this provision so that inspection and testing would be performed at the Interconnection Customer's expense. The Nevada Companies assert that the Transmission Provider and/or its other transmission customers should not be subsidizing the costs associated with inspections and tests on facilities used to interconnect a Generating Facility to Transmission Provider's Transmission System.

155. Article 8.2 of the pro forma LGIA specifies that prior to the Initial Synchronization Date of the Large Generating Facility a Remote Terminal Unit should be installed by the Interconnection Customer. The Nevada Companies propose to modify the term "Remote Terminal Unit" to lower case since it is not a defined term.

156. The Nevada Companies propose a new Article 9.11. It states that should the Transmission Provider require the generator to implement Must Run Generation, the Transmission Provider must negotiate the service and the Parties shall file the agreement with the Commission.

157. Article 9.6.2 of the pro forma LGIA entitled Voltage Schedules provides a reference to a "System Operator". The Nevada Companies propose to delete this term, which is not defined, and replace it with "Transmission Provider".

158. Article 9.7.1.1 of the pro forma LGIA sets forth that each party may, in coordination with the other party and Good Utility Practice, remove Interconnection Facilities or Network Upgrades from service for the purpose of testing, replacing, or

²⁷ The Nevada Companies cite Order No. 2003-A, paragraphs 752-755.

performing maintenance. The Nevada Companies propose to include removing Transmission System facilities for the purpose of testing, replacing, or performing maintenance. The Nevada Companies assert that situations may occur where it is forced to curtail the capacity (or take out of service) of certain transmission facilities. The facilities may not be Network Upgrades associated with a particular Generating Facility; however, that action may impact the normal operation of a Large Generating Facility during the time that restrictions on the operation of such transmission facilities remain in effect. The Nevada Companies propose to revise this Article because it is too restrictive as discussed above. The Nevada Companies contend that this proposed revision is consistent with Good Utility Practices and, therefore, is consistent with the Commission's intent regarding this Article of the pro forma LGIA.

159. Article 9.7.1.2 of the pro forma LGIA 9.7.1.2 requires the Transmission Provider to post transmission facility outages on its Open Access Same Time Information System (OASIS) and requires the Interconnection Customer to schedule its maintenance on a rolling 24 month basis. The Transmission Provider may ask the Interconnection Customer to reschedule its maintenance as necessary to maintain the reliability of the Transmission System, but that adequacy of generation supply shall not be a criterion in determining Transmission System reliability. The Transmission Provider must pay the Interconnection Customer for any direct costs that the Interconnection Customer incurs as a result of having to reschedule maintenance.

160. The Nevada Companies propose to delete "adequacy of generation supply shall not be a criterion in determining Transmission System reliability" and insert "Transmission Provider shall not require Interconnection Customer to take actions Interconnection Customer would not otherwise take unless Emergency Conditions exist". The Nevada Companies assert that this revised provision would allow the Transmission Provider to request the Interconnection Customer to provide needed power to the system only during emergency conditions.

161. The Nevada Companies assert that if generation resources supplying the power and ancillary services needed by a Transmission Provider to meet its load requirements suddenly goes out of service the reliability of the Transmission System will be compromised even though all "wires facilities" remain in good working order. If such situations occur on a Transmission Provider's Transmission System, its options are generally limited to either curtailing load activating replacement generator supply to fill the void of the generation resources that were curtailed. The Nevada Companies contend that due to the operational realities described above, a portion of the Commission's requirements in Article 9.7.1.2 seems to be inconsistent with how utilities normally operate their systems. The Article states: "[p]rovided, however, adequacy of generation supply shall not be a criterion in determining Transmission System reliability." The Nevada Companies submit that, during an emergency situation, such as that described

above, the Transmission Provider may be forced to request a Large Generating Facility to start up or ramp up its output in order to protect the reliability integrity of the Transmission System. The Nevada Companies assert that this proposed revision is consistent with the Commission's stated intent in that Transmission System reliability would be a principle consideration in establishing LGIP and LGIA practices.

162. Article 9.7.1.3 of the pro forma LGIA specifies that if an outage on a Party's Interconnection Facilities or Network Upgrades adversely affects another Party's operations or facilities, the Party that owns or controls those facilities that are out of service should promptly restore them. The Nevada Companies propose revising this Article by requiring the Transmission Provider to use Reasonable Efforts to restore any outage on Transmission Provider's Transmission System that might otherwise affect the operation of the Interconnection Customer's Large Generating Facility. The Nevada Companies assert that outages on parts of Transmission Provider's system other than Interconnection Facilities or Network Upgrades associated with a particular Large Generating Facility, may affect the operation of the Large Generating Facility. The Nevada Companies contend that this revision broadens the Transmission Provider's responsibilities to restore an outage on the Nevada Companies' Transmission Systems; and therefore, this proposed revision is superior to the Commission's pro forma section of the LGIA addressing this matter.

163. Article 9.7.3 of the pro forma LGIA sets forth that a Transmission System is designed to automatically activate a load-shed program as required by the Applicable Reliability Council in the event of an under-frequency disturbance. The Nevada Companies propose to revise this provision to reflect that if a Transmission Provider joins an RTO, it is likely that the RTO will have its own load-shed program or provisions. Additionally, the Nevada Companies propose to insert "or over-frequency" between "under-frequency" and "disturbance". The Nevada Companies state that this was omitted in the pro forma LGIA.

164. The Nevada Companies propose to add a new Article 9.7.7 to the LGIA. The Nevada Companies state that this proposed revision would clearly identify the rights that the Transmission Provider must have in order to safely and reliably operate the Transmission System. The Nevada Companies assert that this addition is pertinent to the Commission's version regarding the responsibilities among parties under their LGIA and thus is consistent with the intent of the Commission's pro forma LGIA.

165. The Nevada Companies propose to revise Article 9.9 of the pro forma LGIA to reflect how costs associated with third party users of the Transmission Provider's Interconnection Facilities would be allocated among the Interconnection Customer and any third-party users. These proposed revisions set forth in detail the determination of a third party user's share of any capital costs and O&M costs associated with its use of

existing Transmission Provider Interconnection Facilities that have been funded by an Interconnection Customer. The Nevada Companies assert the following: 1) the proposed formula methodologies essentially allocate applicable costs on pro rata use of the Interconnection Facilities, 2) the formula methodology for determining the allocation of such costs is fair and reasonable, 3) the revision will serve to mitigate potential protracted negotiations and litigation over the allocation of such costs. In support of this provision, the Nevada Companies state that these provisions were previously accepted by the Commission in numerous interconnection agreements submitted by the Nevada Companies.

166. Article 9.10 of the pro forma LGIA specifies that parties will cooperate with one another in the analysis of disturbances. The Nevada Companies propose to revise the language to narrow the scope of the analysis and require the Parties to cooperate with one another in analyzing only disturbances on Transmission Provider's Transmission System that have an affect on the operation of the Large Generating Facility. The Nevada Companies assert that this article, as set forth in the pro forma LGIA, would require a Transmission Provider to analyze all disturbances of a Transmission Provider's integrated Transmission System. Additionally, the Nevada Companies contend that most large utilities in the Western region of the United States have extensive and widely dispersed Transmission Systems, of varying voltage levels, therefore, most disturbances on a Transmission Provider's Transmission System will have little or no impact on the operation of a Large Generating Facility. The Nevada Companies assert that analyzing all disturbances on the Transmission Systems, as Article 9.10 presently requires, would be time consuming and an inefficient use of resources.

167. The Nevada Companies propose adding a new Article 9.11 to the pro forma LGIA entitled Must Run Obligations. The provision would set forth general obligations that would be expected of an Interconnection Customer in the event its Large Generating Facility is deemed a Must Run Generator. The proposed provision states the following: "In the event Transmission Provider proposes to implement obligations on an Interconnection Customer's Large Generating Facility to become Must Run Generation, Transmission Provider shall negotiate appropriate arrangements for the acquisition of Must Run Generation service and the Parties shall file the agreement for such service with the Commission for acceptance".

168. Article 10.5 of the pro forma LGIA sets forth provisions governing which Party is responsible for Operating and Maintenance Expenses of the Interconnection Facilities. The Nevada Companies propose to revise this Article to reference Article 9.9.2.2, which contains variations from the pro forma LGIA.

169. Article 11 of the pro forma LGIA sets forth specific Performance Obligations for the Transmission Provider and the Interconnection Customer. The Nevada Companies

propose revisions to Articles 11.1, 11.2 and 11.3 that would add language to reference the proposed revision to include Affected System Upgrades in the header of Appendix A.

170. Article 11.3 of the pro forma LGIA sets forth Performance Obligations relating to Network Upgrades and Distribution Upgrades. The provision states that the Interconnection Customer is responsible for all costs related to Distribution Upgrades. The Nevada Companies propose to revise the provision to clarify that the Interconnection Customer is also responsible for replacement facilities to Distribution Upgrades. The Nevada Companies assert that this proposed revision is superior to the existing pro forma text because it identifies, more specifically, the cost responsibilities of the Interconnection Customer.

171. The Nevada Companies propose a new Article 11.4, entitled Affected System Upgrades, to the LGIA. The Nevada Companies assert that this is necessary because the Commission's existing references to "Network Upgrades" to Affected Systems is technically incorrect because the definition of Network Upgrades in this LGIP and LIGA refers to upgrades made to the Transmission Provider's Transmission System and not upgrades that would be made to an Affected System. The Nevada Companies contend that this proposed revision is superior to the Commission's present references within the pro forma LGIP/LGIA to upgrades needed to be made to Affected Systems for the reasons mentioned above.

172. The Nevada Companies propose to re-number Article 11.4 of the pro forma LGIA, entitled Transmission Credits, to Article 11.5. In addition Articles 11.4.1, 11.4.2, and 11.4.3 have been revised to Articles 11.5.1, 11.5.2, and 11.5.3, respectively.

173. The Nevada Companies propose to substantially revise the language in Article 11.5.1. Article 11.5.1 set forth that the Interconnection Customer is entitled to refunds for payments it has made to a Transmission Provider or Affected System Operator. The Nevada Companies assert that improvements made to an Affected System will be performed in accordance with a separate bilateral agreement between the Interconnection Customer and the Affected System Operator. Therefore, the Nevada Companies propose to delete references incumbent on the Affected System Operator for refunds of Affected System Upgrades funded by the Interconnection Customer in this LGIA.

174. Article 11.5.1 also sets forth from what date the Transmission Provider is required to begin calculating interest. The pro forma provision states that interest shall be calculated according to the FERC regulations at 18 C.F.R § 35.19a(a)(2)(ii) from the date of any payment for Network Upgrades through the date on which the Interconnection Customer receives repayment. The Nevada Companies propose to revise the statement so that interest shall be calculated from the date the Transmission Provider receives any

payment. The Nevada Companies assert that this proposed revision is consistent with the Commission's current regulations and should be allowed.

175. Additionally, in Article 11.5.1, the Nevada Companies propose to modify the provision to set forth that the Interconnection Customer would not be eligible for any interest that would otherwise accrue for the period after the agreed upon Commercial Operation Date, or as otherwise provided for in this LGIA and LGIP. The Nevada Companies assert that this proposed revision would serve as an incentive to the Interconnection Customer to complete construction of its Large Generating Facility as planned. The Nevada Companies assert that this proposal would benefit the Transmission Provider's other customers since the amount of such Network Upgrades reflected in Transmission Provider booked transmission plant used for ratemaking purposes would be lower than otherwise allowed under the Commission's current rules.

176. Also, in Article 11.5.1, the Nevada Companies propose to limit the timeframe Transmission Provider is obligated to reimburse an Interconnection Customer for amounts it advanced for Network Upgrades. The revised language states that if a proposed Large Generating Facility does not attain commercial operation within seven (7) years of its planned Commercial Operation Date, or some extension of that date mutually agreed to, it should not be eligible for any refunds for Network Upgrade advances it may have made to Transmission Provider. The Nevada Companies contend that this proposal would be an incentive for the Interconnection Customer to complete its Large Generating Facility Project within such a prescribed time and avoid protracted delays.

177. The Nevada Companies propose to revise Article 11.5.2 of the pro forma LGIA to clarify that an Interconnection Customer would be granted similar treatment as the parties, although not formally a party to the agreement, regarding refunds and transmission credits for Affected System Upgrades made to an Affected System that have been funded by the Interconnection Customer. In addition, the revision would clarify that all arrangements related to Affected System Upgrades will be pursuant to a separate agreement between the Interconnection Customer and the Affected System Operator.

178. The Nevada Companies propose to revise Article 11.5 of the pro forma LGIA and designate it with a header so that it conforms to remainder of the LGIA. The Nevada Companies propose to entitle it "Interconnection Customer's Entitlements under Other Agreements".

179. The Nevada Companies propose to re-number and revise Articles 11.5, 11.5.1, 11.5.2, and 11.5.3 of the pro forma LGIA. Pro forma Article 11.5 has been re-numbered to 11.6, 11.5.1 has been deleted, 11.5.2 has been re-numbered to 11.6.1, and 11.5.3 has been deleted.

180. Proposed Article 11.6, originally Article 11.5 in the pro forma LGIA, specifies that at least 30 days before the start of procurement, installation, or construction of a discrete portion of the Transmission Provider's Interconnection Facilities, Network Upgrades, or Distribution Upgrades, the Interconnection Customer must provide the Transmission Provider with (at the Interconnection Customer's option) a guarantee, a surety bond, a letter of credit, or another form of security, sufficient to cover the costs of the procurement, installation, or construction of that facility. The security required is then reduced on a dollar-for-dollar basis as the Interconnection Customer pays off its bill.

181. The Nevada Companies propose two changes to this Article. First, the Nevada Companies assert that the Transmission Provider should determine what form of security it is willing to accept from the IC. The Nevada Companies state that currently, the Interconnection Customer (IC) is required to supply some form of security regardless of the IC's credit worthiness, which it states, puts near bankrupt ICs on the same level with financially sound ICs. In addition, the Nevada Companies assert that building transmission to benefit a single IC is comparable to making a loan, essentially an unsecured loan, to the IC for O & M services performed on behalf of the IC. The Nevada Companies contend that the Transmission Provider must be able to approve both the form of the security as well as the issuer of the security, which would increase the probability that the security instrument will perform as expected if the IC defaults on its obligations to the Transmission Provider.

182. Second, the Nevada Companies propose that it not be required to accept a parental guarantee or surety bond as a security investment. The Nevada Companies assert that the reason for not accepting either of these as an acceptable form of collateral is the difficulty, uncertainty and length of time involved in collecting on a claim. Specifically, the Nevada Companies contend that surety bonds are a form of insurance that require the filing of a claim, an investigation, a review of underlying commodity contracts, and various other processes and complexities which make the actual collection on the claim lengthy and difficult. Also, in regard to parental guarantees, the Nevada Companies contend that if an IC meets the creditworthiness to provide the parental guarantee, an economic hardship can make the guarantee worthless. The Nevada Companies assert that these proposed revisions are superior because the revisions protect the Transmission Provider's customers from paying for the unsecured costs of a non-performing customer.

183. Proposed Article 11.6.1, originally Article 11.5.2 in the pro forma LGIA, specifies that a letter of credit must be issued by a financial institution reasonably acceptable to the Transmission Provider and must specify a reasonable expiration date. The Nevada Companies propose to revise this Article to state that in addition, the letter of credit must in a form reasonably acceptable to the Transmission Provider.

184. The Nevada Companies propose to revise Articles 11.7 and 11.7.1, originally Articles 11.6 and 11.6.1, respectively, in the pro forma LGIA. The Nevada Companies are proposing non-substantive language changes in these revisions that would clarify that the Nevada Companies presently are not participating in an operational RTO.

185. Article 12.1 of the pro forma LGIA specifies that each party shall submit to the other Party, on a monthly basis, invoices of amounts due for the preceding month. The Nevada Companies propose to add language to allow the Parties to agree to some other alternative than that which is required in Article 12.1. The Nevada Companies assert that this proposed change is reasonable and consistent with the Commission's allowed practices in other sections of the pro forma LGIA.

186. Articles 12.2, 12.3 and 12.4 of the pro forma LGIA set forth certain provisions governing invoices, payments, and disputes. The Nevada Companies propose that the payment period be revised from thirty days to twenty days which is consistent with the payment period in the Nevada Companies' Tariff, Section 7.1. The Nevada Companies assert that this LGIA is part of the Tariff and the revisions are necessary so that similar provisions within the body of the Tariff are consistent with such provisions within the LGIP/LGIA.

187. Article 13 of the pro forma LGIA sets forth provisions governing Emergencies. The Nevada Companies state that the pro forma LGIA contains a definition for Emergency Conditions in the LGIA which is the same as that which was stated in Article 13 of the pro forma LGIA. The proposed revision would delete the definition in Article 13 and make reference to the definition contained in the LGIA.

188. Articles 15.1, 15.3, and 15.4 of the pro forma LGIA specify how notices may be delivered. The Nevada Companies propose to revise the language in these provisions to recognize the revisions to Section 3.3.2 of the LGIP concerning electronic communications and contact information.

189. Article 16.1.2 of the pro forma LGIA specifies that the Parties will not be considered in Default with respect to any obligation, excluding monetary obligations when due, if they are prevented from performing the obligations by Force Majeure. Additionally, the party affected with the disability shall exercise due diligence to remove the disability with reasonable dispatch. The Nevada Companies propose to delete "reasonable dispatch" and replace it with the defined term "Reasonable Efforts." The Nevada Companies assert that this proposed revision is consistent with use of the term within the LGIA.

190. The Nevada Companies' assert that its proposed revisions to Article 17, entitled Default, are the same as those proposed by EEI in its Request for Rehearing of Order No. 2003. The Nevada Companies assert that the defined terms Breach and Default are used

interchangeably in the Commission's pro forma text which makes the text confusing. The Nevada Companies further assert that the proposed revisions are superior to the Commission's present pro forma text.

191. Article 18.1 of the pro forma LGIA sets forth that the Parties shall indemnify, defend, and hold the other Party harmless from all damages relating to the injury or death of a person resulting from the other Party's actions or inactions of its obligations under the LGIA on behalf of the indemnifying Party, except in the cases of gross negligence or intentional wrongdoing by the indemnified Party. The Nevada Companies propose to revise this section by identifying the parties and using the modified term Losses. The Nevada Companies assert that this proposal will clarify the provisions as provided in the Commissions' pro forma LGIA.

192. Article 18.3.1 of the pro forma LGIA states that each Party shall maintain Employers' Liability and Workers' Compensation Insurance providing statutory benefits in accordance with laws and regulations of the state in which the Point of Interconnection is located. The Nevada Companies propose to delete "benefits" and insert "limits".

193. Article 18.3.5 of the pro forma LGIA sets forth provisions governing various forms of insurance coverage and states that the insurance policy should contain language specifying that certain actions by a Party will require 30 days of advance written notice to the other Party. The Nevada Companies propose to revise the provision so that 30 Calendar Days of notice must be given when the specified actions, as set forth in this provision, are taken.

194. In addition, this provision sets forth that the insurance policies should contain provisions whereby the insurers waive all rights of subrogation in accordance with the provisions of this LGIA. The Nevada Companies propose to delete this language to protect both parties' rights regarding subrogation.

195. Article 18.3.10 of the pro forma LGIA specifies that a Party may self insure to meet the minimum requirements of Articles 18.3.2 through 18.3.8 if that Party's senior unsecured debt is rated investment grade or better. The Nevada Companies propose to revise this article to state that if the parties agree, the parties may self-insure to meet the minimum insurance requirements of Article 18 if their rating is less than investment grade by Standard & Poor's. The Nevada Companies assert that this proposed revision is superior because it will reduce costs while providing adequate coverage that both parties agree to.

196. Article 24.2 of the pro forma LGIA sets forth that the initial information submission by the Transmission Provider shall occur no later than 180 Calendar Days prior to Trial Operation and shall include the information necessary for the Interconnection Customer to select equipment and meet any system protection and

stability requirements, unless otherwise agreed to by the Parties. The Nevada Companies propose to limit this provision further by including that the 180 days apply unless the Interconnection Customer initially submits the Interconnection Request on a date that precludes that all required studies can be completed within the 180 Calendar Days prior to the date of Trial Operation. The Nevada Companies assert that this proposed revision is superior to the requirements in the pro forma LGIA inasmuch as it addresses an issue overlooked by the Commission in the development of the pro forma LGIA.

197. Article 24.3 of the pro forma LGIA specifies that if the Interconnection submits updated information that is materially different from that which was provided to the Transmission Provider pursuant to the Interconnection Study Agreement, then the Transmission Provider shall conduct the appropriate studies to determine the impact on the Transmission Provider's Transmission System based on the revised data. The Nevada Companies propose to revise the language to clarify that the cost of the aforementioned appropriate studies will be performed at the Interconnection Customer's expense.

198. The Nevada Companies propose a new Article 24.5 to the LGIA. The provision states that nothing in the LGIA or LGIP obligates the Transmission Provider to provide the Interconnection Customer with any information that would violate the Tariff, FERC Orders No. 888 and 889, or any other applicable laws and regulations. The Nevada Companies assert that this provision would clarify the Nevada Companies' obligations in regard to what information it can supply to the Large Generating Facility.

199. The Nevada Companies propose a new Article 25.3 to the pro forma LGIA, entitled Information Reporting. As proposed, Article 25.3 would specify that the Interconnection Customer must provide to the Transmission Provider all information requested by NERC, the WECC or a RTO in a timely manner, otherwise, the Interconnection Customer would be responsible for paying the applicable penalty as set forth by NERC, the WECC or the RTO. The Nevada Companies assert that as a Control Area operator within WECC, it is required to submit various data to the WECC regarding generators located within the Transmission Provider's Control Area. In addition, untimely submittals and failure to comply can result in Transmission Provider incurring monetary penalties imposed by the WECC. The Nevada Companies state that this proposed Article would obligate the Interconnection Customer to provide the Transmission Provider with all the information the Transmission Provider must submit in compliance with such reporting requirements or else pay the penalties that are associated with such noncompliance. The Nevada Companies assert that these proposed revisions codify information reporting requirements that may have been overlooked by the Commission in its development of the pro forma LGIA. In addition, the Nevada Companies propose to revise the header of Article 25 to reflect the proposed new Article 25.3.

200. Article 29.1.4 of the pro forma LGIA sets forth that the Joint Operating Committee shall coordinate the scheduling of maintenance of various facilities. The Nevada Companies propose to add language that would recognize that Affected Systems must also be taken into consideration in scheduling of maintenance and planned outages of the facilities described in this Article. The Nevada Companies assert that this proposed revision is superior to the pro forma LGIA because this revision recognizes a requirement that the Commission's pro forma LGIA failed to recognize.

201. Article 30.2 of the pro forma LGIA specifies that in the event of a conflict between the body of this LGIA and any attachment, appendix, or exhibit to the LGIA, the terms and provision of the body of the LGIA shall prevail. The Nevada Companies propose to revise this provision to state that the body of the LGIA would prevail unless explicitly stated otherwise in such attachment, appendix or exhibit to the LGIA.

202. Article 30.3 of the pro forma LGIA sets forth the Rules of Interpretation. The Nevada Companies propose to revise this provision to state that the appendices of the LGIA are incorporated by reference into and shall be part of the LGIA. The Nevada Companies assert that this proposed revision adds clarity to the LGIA.

203. The Nevada Companies propose to revise Article 30.4 of the pro forma LGIA to recognize that the LGIA is an attachment to the Nevada Companies' Tariff. The Nevada Companies assert that the proposed revision clarifies that the LGIA, consistent with all applicable provisions within the Tariff shall constitute the entire agreement.

204. The Nevada Companies propose to include a new Article 30.13 entitled "Material Adverse Change". The Nevada Companies assert that this new Article benefits both parties by providing for good faith negotiations to resolve any material changes that affect either party's performance under the LGIA. The Nevada Companies further assert that this provision is superior to the Commission's pro forma in that it provides guidance should events occur that change the benefits or obligations of the LGIA to either party.

205. The Nevada Companies propose to include a new Article 30.14 entitled "Succession upon Membership in an RTO". The Nevada Companies state that this addition recognizes that its eventual participation in an RTO will require the provisions within this LGIA to be superceded by the RTO's requirements governing such existing interconnection agreements. The Nevada Companies assert that this provision is consistent with the Commission's allowed practices in such instances.

206. Appendix A of the pro forma LGIA will be used by the Parties to describe the Interconnection Facilities, Network Upgrades, and Distribution Upgrades to which the LGIA applies. Appendix A of the pro forma LGIA provides no further specific requirements with regards to the previously mentioned three headings. These areas are intentionally left blank for the Parties. The Nevada Companies propose to insert

additional section headings such as: 1) Ownership 2) Affected System Upgrades 3) Operation and Maintenance Responsibilities 4) Cost Responsibilities and 5) Replacements. In addition, the Nevada Companies propose to require specific detailed information in Appendix A that the Nevada Companies assert are required in order to evaluate and study Interconnection Requests such as: 1) diagrams 2) which Party will own specific facilities and 3) which Party will be responsible for construction costs of certain facilities. The Nevada Companies assert that all of the requested data covers information regarding facility additions that have been identified by the Commission in its LGIA as required facilities needed to accommodate the interconnection of Large Generator Facilities. The Nevada Companies further assert that the proposed revisions are superior to the present Appendix A because it contains information that is omitted by the pro forma Appendix A.

207. Appendix B to the pro forma LGIA is entitled Milestones and was left blank for the Parties to describe relevant dates for completing an Interconnection Facility and related Network Upgrades. The Nevada Companies propose 15 specific Milestones to be negotiated on a case by case basis with the Interconnection Customer. Some of the proposed requirements include requiring the Interconnection Customer to provide proof of site control for construction, proof that the Interconnection Customer has obtained financing, documentation of orders placed with vendors for principle construction components and documentation of vendors estimated delivery dates. The Nevada Companies assert that the proposed milestones lay out a timeline for the Interconnection Customer to demonstrate it has met the required obligations, thus mitigating potential litigation over such issues.

208. Appendix E to the pro forma LGIA contains the standard form that the Interconnection Customer will use to notify the Transmission Provider that Trial Operation has been completed and to announce the date of Commercial Operation. The Nevada Companies propose to include an additional form letter that memorializes the date that all Interconnection Facilities have been completed and the agreed upon date that the Generating Unit would be energized in parallel operation with Transmission System in order to begin test operations. The form would be entitled Trial Operation Date – Sample Letter. In addition, the Nevada Companies have inserted into both forms a statement that electronic communications may be used to serve official notice.

209. Appendix F to the pro forma LGIA sets forth the format for providing addresses for delivery of notices and billings. The Nevada Companies propose revise Appendix F to require additional information that is needed in order to accommodate the Nevada Companies proposal to allow for notices and other communications to be permitted via email in addition to written communication sent by mail. The Nevada Companies assert that this proposal will allow for more efficient and speedier forms of communications

between the Parties. The Nevada Companies contend that this proposed revision to Appendix F is superior to that which is currently in the pro forma LGIA.

210. Appendix G to the pro forma LGIA relates to the requirements of generators relying on newer technologies. The Nevada Companies propose to move this Appendix so that it becomes Appendix H. The Nevada Companies inserted the WECC's RMSA into the revised Appendix G. The Nevada Companies state that it filed the RMSA as part of the regional reliability changes that the Commission required to be filed in Order No. 2003.

211. In addition to the proposed revisions described above, the Nevada Companies propose the following non-substantive changes:

212. The word "the" was removed before "Interconnection Customer",

213. The phrase "Transmission Provider's" was removed before "Transmission System".

214. The word "the" was inserted in front of "Transmission System" when necessary.

215. The words "the" and "this" were applied to various provisions of the LGIP and LGIA.

216. The word "the" was inserted in front of "Metering Equipment" when necessary.

217. The word "Commission" was replaced with "FERC" because FERC is defined.

218. The acronym "ISO" was removed because ISO is not defined nor is it applicable to the Nevada Companies.

219. Where the word "days" were not specifically identified as either "Calendar" or "Business" the Nevada Companies provided corrections.

220. The word "Interconnection" was inserted in front of "Study" to clarify which study was being discussed.

221. "Interconnection Customer" was modified to be lower case if the term was referring to an interconnection customer that was not a party to the LGIA or referred to as a third party.

222. The word "party" was capitalized where it referred to either or both of the Parties.

223. The words “Article” and “Section” were corrected depending on their use in each document along with the specific Articles or Sections referenced for any changes made in either the LGIP or LGIA.

224. The word “OATT” was replaced with “Tariff” since Tariff is defined.

225. The acronyms “LGIP” and “LGIA” were inserted to replace either “Standard Large Generator Interconnection Procedures” or “Standard Large Generator Interconnection Agreement” as applicable.

226. A few revisions were made to the Table of Contents to correctly identify the LGIA Appendices.

227. Company names were added to the beginning information of each agreement header.

228. The definitions were numbered.